

VZCZCROM94A 3281434

P 241317Z NOV 86

FM ROME (211-2)

TO DIRECTOR—PRIORITY

BT

b6
b7C

UNCLAS

RECEIVED
TELETYPE UNIT

24 Nov 86 14 37

FEDERAL BUREAU
OF INVESTIGATION

210

ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT

b6
b7C

MICHAEL K. DEEVER, FORMER DEPUTY OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (FIGA)-
CONFLICT OF INTEREST; OO: FBIHQ

RE BUTEL DATED NOVEMBER 20, 1986.

FOR INFORMATION OF THE BUREAU, THE TWO PHONE NUMBERS
PROVIDED TO LEGAT ROME AS LEADS, 39 6 347 AND 39 6 467 (BOTH
NUMBERS IN ROME, ITALY, ARE NON-EXISTENT. TELEPHONE NUMBERS
IN ITALY MUST HAVE AT LEAST FOUR DIGITS. FOR INFORMATION
OF BUREAU, THE NUMBER 39 REPRESENTS THE COUNTRY CODE FOR ITALY
AND THE NUMBER 6 IS THE AREA CODE FOR ROME. PLEASE PROVIDE
CORRECT NUMBERS IF THEY ARE AVAILABLE. IT IS NOTED THAT NUMBER
39-6-467, BY ADDING A ZERO, THEREFORE BECOMING 4670, IS THE NUMBER
TO THE PRESIDENCY OF THE COUNCIL OF MINISTERS, THE EXECUTIVE BRANCH
OF THE ITALIAN GOVERNMENT. THIS, HOWEVER, MAY OR MAY NOT BE THE

26 DEC 11 1986

DEC 14 1986

PAGE TWO ROM 211-2 UNCLAS

DESIRED NUMBER. NUMBER 39-6-347, ON THE OTHER HAND, IS INCORRECT-
EVEN IF ONE ADDS A FINAL 8 THROUGH 9 DIGIT.

BT

FBI HQ copy

1312

FM FBI, WASHINGTON FIELD (211-7) (P)

TO DIRECTOR, FBI (211-25)

b6
b7C

ATTN: SSA PUBLIC CORRUPTION UNIT

File copy

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978; COI; OO:FBIHQ.

RE TELETYPE FROM FBIHQ TO WFO, DATED 6/13/86.

FOR INFO OF BUREAU, WFO INDICES CONTAIN NUMEROUS REFERENCES TO MICHAEL K. DEEVER. A REVIEW OF WFO FILES REVEALS NO INFORMATION PERTINENT TO INVESTIGATION BEING CONDUCTED BY OFFICE OF INDEPENDENT COUNSEL.

IN VIEW OF ABOVE, NO FURTHER INVESTIGATION RE THIS MATTER IS BEING CONDUCTED BY WFO.

BT

#0021

NNNN

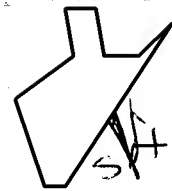
b6
b7C

✓3-Bureau
2-WFO

2cc's - WCC

EAR:ldj
(5)

Julian



Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

To : The Director

Date 11/5/86

From : J. E. Otto

Subject : MICHAEL K. DEAVER,
 FORMER DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT,
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
 CONFLICT OF INTEREST
 OO: FBIHQ

BU 211-25

PURPOSE: To advise you of the status of Security Clearance Investigations (SCI) being conducted by the FBI of individuals employed by Independent Counsel (IC) [redacted]

b6
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RECOMMENDATION: None. For information.

APPROVED: [Signature]
 Director _____
 Exec AD-Adm. _____
 Exec AD-Inv. _____
 Exec AD-LES _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Laboratory _____
 Legal Coun. _____
 Off. of Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____

DETAILS: On 11/5/86, information was brought to my attention by the Public Corruption Unit, White-Collar Crimes Section, Criminal Investigative Division (CID) and the Security Programs Unit, Operations Section, Records Management Division (RMD), regarding the status of SCI of sixteen (16) IC employees. These investigations are being conducted by the Operations Section, for the purpose of providing the necessary information to the Security Department, Department of Justice (DOJ), in order that security clearances may be provided by the DOJ for those IC employees.

Names of IC employees are provided the Security Department, DOJ, by IC Administrator [redacted] and the DOJ thereafter requests our Operations Section, RMD, to conduct SCI investigations necessary to provide security clearances for the IC employees. The Operations Section has an agreement with the Security Department that SCIs will be handled on a forty-five (45) day deadline.

b6
 b7C

1 - Mr. Otto

1 - [redacted]

MRJ:dag (3)

SPX

Memorandum



Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. ESM
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : Mr. Otto 105186

Date 11/4/86

b6
b7C

From : [Redacted]

Subject : MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA);
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To advise you of a request by Independent Counsel (IC)
Whitney North Seymour, Jr. that a [Redacted]

[Redacted]
obtained by a Grand Jury subpoena, and per your request, to
document instructions given FBI employees regarding the handling
of the Grand Jury material in this matter.

b3

RECOMMENDATION: None. For information.

APPROVED:	Adm. Servs. _____	Laboratory _____
	Crim. Inv. _____	Legal Coun. _____
Director _____		Off. of Cong. & Public Affs. _____
Exec. AD-Adm. _____	Ident. _____	Rec. Mgnt. _____
Exec. AD-Inv. _____	Inspection _____	Tech. Servs. _____
Exec. AD-LES _____	Intell. _____	Training _____

DETAILS: On 10/16/86, I was contacted by Special Agent [Redacted]
[Redacted] an investigator for the IC, regarding a request that
[Redacted] obtained by a Grand Jury (GJ) subpoena be
analyzed by [Redacted]. I instructed SA [Redacted] to prepare the request
in the form of a letter from IC Seymour to you.

b6
b7C

1 - Mr. Otto

1 - [Redacted]

MRB: dja (3)

(CONTINUED - OVER)

26 FEB 18 1987

Memorandum from [redacted] to Mr. Otto
RE: MICHAEL DEEVER

On 10/17/86, I contacted Section Chief Gordon N. Zacrep, Assistance Development Section, and advised him to anticipate a request from IC Seymour. I also informed SC Zacrep of the sensitivity and significance of EIGA investigations, of your oversight on these matters, and of the priority level on which these cases are handled. I further informed him that the information being provided him by IC Seymour was GJ material and, as such, should be handled under the prohibition and provisions of Rule 6(e) of the Federal Rules of Criminal Procedure.

By letter dated 10/24/86, to you, IC Seymour requested that a [redacted] and [redacted] to SC Zacrep. IC Seymour also cautioned that [redacted] are subject to the disclosure prohibition of Rule 6(E) of the Federal Rules of Criminal Procedure.

b3

On 10/24/86, SA [redacted] to SC Zacrep and also provided SC Zacrep with written instructions per IC Seymour's letter on Rule 6(e) requirements for all FBI employees who might have a [redacted].

On 11/3/86, Assistance Analyst [redacted] Unit, advised me that he had read IC Seymour's letter of 10/24/86 and personally ensured that all support personnel who had a need to view and handle the GJ material were cognizant of IC Seymour's instructions on Rule 6(e). Analyst [redacted] identified the FBI employees as [redacted]

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[redacted] and [redacted].

On 11/4/86, SC Zacrep's office informed me that the [redacted] had been completed and that SA [redacted] had delivered the report of the analysis to the IC's office on 11/3/86.

REPORT
of theFEDERAL BUREAU OF INVESTIGATION¹
WASHINGTON, D. C. 20535

1 - Mr. Giaquinto
1 - Mr. Gast
1 - Mr. Otto

1 - [redacted]
(Room [redacted] Div. 6)

b6
b7C

To: Whitney North Seymour, Jr., Esq.
Independent Counsel
Suite 6400
United States Courthouse
One Marshall Place
Washington, D. C. 20001

October 22, 1986

FBI FILE NO. 211-25

LAB. NO. 60923001 D QC

YOUR NO.

Re: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
EIGA-COI

Examination requested by: Addressee

Reference: Letter dated September 24, 1986

Examination requested: Document

Specimens:

Q1 1986 Week At A Glance appointment book

Q2 1986 Month At A Glance appointment book

Result of examination:

Q1 and Q2 were examined regarding the erasures in the January 16, 1986 and February 28, 1986, portions of each specimen. These areas were examined using visual, photographic, electronic and other imaging techniques in an attempt to decipher the text of the erasures.

Attached to each copy of this report are the results of these examinations. All words in brackets are not part of the erased text. Asterisks indicate the presence of an erasure, but the letters or words could not be determined. An underline indicates the letter or word is difficult to read; however, it appears to be the letter or word noted.

The pertinent portions of Q1 and Q2 have been photographed. Q1, Q2 and two sets of photographs of the questioned areas on Q1 and Q2 are being retained until called for by the contributor. One set of photographs are being retained in the Laboratory.

26 DEC 12 1987

Enclosure

QBR:SHY (8) #24

b6
b7C

JAN 1986 MAIL ROOM

* REPORT PERSONALLY PICKED UP BY
SA [redacted] CN 10/3/86

FBI/DOJ

Copy placed in 864 1/24/87

(Q1 JANUARY 16, 1986)

b6
b7C

(8)	:30a Mike Deaver	(1)		
(9)		(2)		
(10)		(3)	Mike Deaver	
(11)		(4)	*****	(Erasures
			*****	overwritten)
(12)	lunch w/ [redacted]	(5)		
	[redacted]		6:00p train	(Two sets of
			Car**** NY	erasures)
			[redacted]	

(Q1 FEBRUARY 28, 1986)

b6
b7C

(8)	2:00p GGC face to face	(1)		
	Mtg			
(9)		(2)		
(10)		(3)	2:30 [redacted]	
(11)		(4)		
(12)		(5)		
			dinner	
			**	

(Q2 JANUARY 16, 1986)

R A in town

till 5:00p

12:00n lunch ** C**d*augh

12:30p C*****

Ca*****ght

Dogs to kennel

6:00p m/m Hello to NY
Hotel Carlyle

(Q2 FEBRUARY 28, 1968)

8/2

GGC Face to

Face Mtg ??

Din*****

Straton ?

RECORDED
9/23/86
sh #24

FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE

9/23/86
RICHARDS

Laboratory Work Sheet

To: ~~Michael K. Deaver~~ Whitney North Seymour, Jr., Esq.
Independent Counsel

~~United States Courthouse~~
One Marshall Place
Washington, D.C. 20001

FBI FILE NO. 211-25

LAB. NO. 60923001 D QC

Re: MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF ~~and~~ YOUR NO. *9/23 #15*
ASSISTANT TO THE PRESIDENT;
EIGA-COI

Examination by

b6
b7C

9/23/86

Examination requested by: Addressee

Reference: ~~Evidence received September 23, 1986, and Letter~~
~~dated 9/24/86~~

Examination requested: Document

Specimens received: September 23, 1986

Specimens:

Q1 1986 Week At A Glance appointment book

Q2 1986 Month At A Glance appointment book

*Q1+Q2 To Keen 9/23
returned 9/24*

*Q1+Q2 To Keen 9/29
returned*

*See attached
print. gsk*

b6
b7C

PIS. NAU

b6
b7C

Photographic Work Request & Evidence Receipt

Examiner

Ext

3846

Date Recd.

Lab #

60923001

Deadline

File #

211-25

Justification for Deadline

Items Recd.

Q1, Q2 (Two Appointment
Books)

Recd. From

MAL

Recd. By

K C

Latent

Yes ☐No ☒

Request

Enhance obliterations regarding
JAN 16 AND FEB 28 (IN BOTH
BOOKS)

Work Performed

Photod. CPP + Cross Ref

Photographer

Lew

Evidence Recd.

MAL

Date

9/23/05

Photographs Recd.

9/23/05

Date

SPU #

861024

4 HRS

Q1 Jan 16

8 :30a Mike Deaver X

9

10

11

b6
b7C

12

lunch w/

+

1

2

3

Mike Deaver

4

5

6:00p train

Car**** NY

b6
b7C

Q1 Feb 28

2:00p

8

G G C face to face

Mtg

9

10

11

12

1

2

2:30

3

4

5

dinner

X

X

X

b6
b7C

X

Q2 Jan 16

1 RA in town

2 till 5:00 p

3 12:00 n lunch ** ** & angle

4 12:30 p Ca * * * *

5 * * * * *

6 Dogs to Kennel

7 6:00 p M/M Hello to NY

8 Hotel Carlyle

Q2 Feb 28

- 1 8/2 X
- 2 GGC Face to X
- 3 Face Mtg ??? X
- 4 * * * * *
- 5 * * * * *
- 6 * * na * *

Report

0-4a (Rev. 5-31-83)
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D. C. 20535

DATE: 9/30/86

Re:

TO: Whitney North Seymour, Jr., Esq.
Independent Counsel
Suite 6400
United States Courthouse
One Marshall Place
Washington, D. C. 20001

MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
EIGA-COI

Invoice of Contents

Description of Contents:

Q1, Q2 & 2 sets of photographs

b6
b7C

Personally picked up by SA [redacted]
on 10/3/86.

FBI File # 211-25

Case # 60923001 D QC

Your # _____

☐ Return to _____

Room _____ TL _____

Ext. _____

☐ Mail Room: 1B327, TL 152

(registered mail)

☐ PSM - Supply Unit, 1B353

(not registered)

Shipping # _____

Shipping Method _____

Hazardous Materials Only

Weight of Hazardous Materials:

Packaged By _____
Signature

Date _____

GBR:sh (1)

September 26, 1986

Whitney North Seymour, Jr., Esq.
Independent Counsel
U. S. Court House
Suite 6400
One Marshall Place
Washington, D.C. 20001

Dear Mr. Seymour:

This communication serves to confirm receipt of your letter dated September 24, 1986, which requested that the FBI Laboratory conduct certain examinations of documents you furnished our Laboratory on September 23, 1986.

The requested examination is being handled by [redacted] Unit Chief, Document Operations and Research Unit, and coordinated with John S. Giaguinto, Section Chief, Document Section. Unit Chief [redacted] will personally keep you apprised of the progress and results of the examination.

b6
b7C

Please advise if I can be of further assistance to you on this or any other matter.

Sincerely,

John E. Otto
Executive Assistant Director
Law Enforcement Services

b6
b7C

1 - Mr. Otto
1 - [redacted]
1 - [redacted]

MRF:daj (4)

(SEE NOTE PAGE 2)

NOTE: By letter dated 9/24/86, Independent Counsel Whitney North Seymour, Jr., requested the FBI Laboratory to conduct examination of documents obtained in the investigation of Michael K. Deaver.

The lab examination is being personally handled by Unit Chief [redacted] who is keeping EAD John E. Otto and Mr. Seymour appraised of the progress and results of the examination.

b6
b7c

9/26/86

John:

Re: MICHAEL K. DEEVER
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
RIGA-COI

On 9/23/86, Mr. Whitney Seymour, Independent Counsel investigating Michael K. Deaver, instructed agents to deliver to the Laboratory two appointment calendars belonging to [redacted]

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[redacted] and his secretary, [redacted] has requested that an examination be made of these calendars regarding erasures on 1/16/86, and 2/28/86. He stated that the clendars were maintained by [redacted] and that the erasures may have been made in an effort to obstruct the Independent Counsel's investigation.

It was requested that the Laboratory attempt to determine the text of these obliterations through the use of nondestructive methods. At present, the Document Section is attempting to read the illegible text and prepare photographs that can be used as exhibits before a grand jury and possible other proceedings. The examinations are being conducted using visual side lighting, photography, infrared and ultraviolet video processing equipment and other nondestructive imaging techniques. It appears much of the text will be difficult to restore; however, examination to date has revealed the erased name "Mike Deavers" on the January 16th portion of [redacted] calendar.

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b7C

It is anticipated that this examination will be completed by the middle of next week, if not earlier. The Document Section is making every effort to handle this matter expeditiously but thoroughly. I will advise you of the results of this examination as soon as they become available.

[redacted]

1 - [redacted]
1 - [redacted]
1 - [redacted]

b6
b7C

GBR:bem (4)

10/1/86

John:

Re: MICHAEL K. DEAVER
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
EIGA-COI

Reference my note dated 9/26/86.

The examination in this matter has been completed regarding the questioned erasures on the calendars of [redacted] and his secretary. Attached is a copy of the Laboratory report.

It appears that the name "Mike Deaver" appears on the January 16, 1986, block of 01 which we were advised is [redacted]. [redacted] is being contacted regarding the results of the examination and the "hand carry" retrieval of the evidence.

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b7C

I will advise you of any further request or developments.

[redacted]

1 -
1 -
1 -

[redacted]

GBR:alb
(4)

**RECORDED
9/23/86
sh #24**

**FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE**

Laboratory Work Sheet

9/23/86

b6
b7C

To: **FBIHQ**

FBI FILE NO. **211-25**

73X

LAB. NO. **60923001 D QC**

YOUR NO.

Re: **MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFFORD
ASSISTANT TO THE PRESIDENT;
EIGA-COI**

Examination by:

Examination requested by: **Addressee**

Reference: **Evidence received September 23, 1986**

Examination requested: **Document**

Specimens received: **September 23, 1986**

Specimens:

- Q1 1986 Week At A Glance appointment book**
- Q2 1986 Month At A Glance appointment book**

Please Furnish Complete Information

Agency submitting evidence FBIHQ		<input type="checkbox"/> FBI <input type="checkbox"/> Federal <input type="checkbox"/> Local or State	b6 b7C	Date 9-28-86
Delivered by		Accepted by SA 	Laboratory # E-QC	
Suspect(s) Michael K. Weaver Former Deputy Chief of Stafford Assistant to the President; EIGA-COI		Victim(s)		
Offense		Place and date of offense		
Agency case #				
Date of hearing, grand jury, trial, or reason why expeditious handling is necessary				
Prev. exams this case <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No XA	Evid. located Room # 3246	Report to be directed to		
Copies to		Evidence to be returned to <input type="checkbox"/> Mailed Back <input type="checkbox"/> Picked Up by Contributor		
Brief Facts covering case				

Description of evidence

**(1 Month At A Glance calendar
2 Week At A Glance calendar**

Exams requested

(This space for blocking)

FBI

B

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 10/7/86

TO : DIRECTOR, FBI
(ATTN: PUBLIC CORRUPTION UNIT, C.I.D.)

FROM : SAC, LOS ANGELES (211-6) (WCC-4) (RUC)

SUBJECT: MICHAEL K. DEEVER,
Former Deputy Chief of Staff and
Assistant to the President;
ETHICS IN GOVERNMENT ACT OF 1978 -
CONFLICT OF INTEREST
OO: FBIHQ

Re Bureau teletype dated 6/13/86 and Los Angeles
teletype dated 6/18/86.

On 6/17/86, an all employees memo was disseminated in
the Los Angeles Division pursuant to the Bureau teletype.

By Los Angeles teletype 6/18/86, the Bureau was advised
that no information was available in our files pertinent to the
investigation by the independent counsel.

No information has come to the attention of the SAC, Los
Angeles, as to the acts proscribed by Bureau teletype.

This matter is considered RUC.

② - Bureau
1 - Los Angeles

SMJ/par
(3)

- 1* -

211-25-73

12 OCT 10 1986

b6
b7c

Approved: RTB

Transmitted

(Number) (Time)

Per

NOV 26 1986

NEW MAIL JUST ARRIVED INBOX 91
FORMS TEXT HAS 1 DOCUMENT

INBOX.24 (7/28/86)

TEXT:

RECEIVED
TELETYPE UNIT

TP0005 19920352

18 JUL 1986 122

RR HQ

DE TP

R 182029Z JUL 86

FM TAMPA (211-4) (SQ. 3) (RUE)

TO DIRECTOR ROUTINE

BT

UNCLAS

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MICHAEL K. DEEVER, FORMER DEPUTY, CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (ETGA) -
CONFLICT OF INTEREST; OO: FBIHQ

RE BUTEL TO ALL OFFICES, JUNE 13 1986, AND TAMPA TEL
TO BUREAU, JUNE 18, 1986.

THE TAMPA OFFICE HAS RECEIVED NO INFORMATION CONCERNING
MICHAEL K. DEEVER, AND IS CONSIDERING MATTER CLOSED, HOWEVER,
SHOULD INFORMATION BE RECEIVED IN THE FUTURE, THE BUREAU WILL
BE ADVISED IMMEDIATELY.

BT

211-25-72X36

3 JUL 25 1986

39

0 181515Z JUN 86

FM LEGAL ATTACHE PANAMA CITY (211-2) (RUC)

TO DIRECTOR FBI IMMEDIATE 165-18

BT

NOTICE

b6
b7C

UNCLAS F T O

ATTENTION: [REDACTED] PUBLIC CORRUPTION UNIT, CID
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST; OO: FBIHQ.

RE BUREAU TELETYPE DATED JUNE 13, 1986.

REVIEW OF INDICES, LEGAT, PANAMA CITY, IDENTIFIED NO INFORMATION
RELATING TO MICHAEL K. DEEVER CONTAINED IN THE FILES OF LEGAT, PANAMA
CITY.

b6
b7C

211-25-72X35
JUL 1 1986

28
48 AUG 6 1987

9/26/86

John:

Re: MICHAEL K. DEEVER
FORMER DEPUTY CHIEF OF STAFF
AND ASSISTANT TO THE PRESIDENT;
EIGA-COI

On 9/23/86, Mr. Whitney Seymour, Independent Counsel investigating Michael K. Deaver, instructed agents to deliver to the Laboratory two appointment calendars belonging to [REDACTED]

[REDACTED] and his secretary, [REDACTED]. Mr. Seymour has requested that an examination be made of these calendars regarding erasures on 1/16/86, and 2/28/86. He stated that the calendars were maintained by [REDACTED] and that the erasures may have been made in an effort to obstruct the Independent Counsel's investigation.

b6
b7C

It was requested that the Laboratory attempt to determine the text of these obliterations through the use of nondestructive methods. At present, the Document Section is attempting to read the illegible text and prepare photographs that can be used as exhibits before a grand jury and possible other proceedings. The examinations are being conducted using visual side lighting, photography, infrared and ultraviolet video processing equipment and other nondestructive imaging techniques. It appears much of the text will be difficult to restore; however, examination to date has revealed the erased name "Mike Deavers" on the January 16th portion of [REDACTED] calendar.

It is anticipated that this examination will be completed by the middle of next week, if not earlier. The Document Section is making every effort to handle this matter expeditiously but thoroughly. I will advise you of the results of this examination as soon as they become available.

b6
b7C

1 -
1 -
1 -

GBR:bsm (4)

97 APR 23 1987

TTCH

August 21, 1986

AR

Whitney North Seymour, Jr., Esq.
Independent Counsel
U. S. Court House
Suite 6400
One Marshal Place
Washington, D.C. 20001

Michael K. Deaver
Former Deputy Chief of Staff
and Assistant to the President
Office of Management and Enterprise Services
FBI HQ Bufile 211-25

Dear Mr. Seymour:

Enclosed are copies of news articles relating to Michael K. Deaver which may be of interest to you.

Our Public Corruption Unit will continue to collect news articles relative to the Deaver matter and supply them to you on a timely basis.

Please advise if I can be of further assistance to you.

Sincerely,

4

John E. Otto
Executive Assistant Director
Law Enforcement Services

Enclosures (2), ENCLOSURE

1 - Mrs. Terri Duggan
Office of Independent Counsel
U. S. Court House
Suite 6400
One Marshal Place
Washington, D.C. 20001

- Exec AD Adm. ☐ 1 - Mr. Otto
- Exec AD Inv. ☐ 1 - [Redacted]
- Exec AD LES ☐ 1 - [Redacted]
- Asst. Dir.:
- Adm. Servs. ☐
- Crim. Inv. ☒ ③ [Redacted] RM [Redacted]
- Ident. ☐
- Insp. ☐
- Intell. ☐
- Lab. ☐
- Legal Coun. ☐
- Off. Cong. & Public Affs. ☒ ②
- Rec. Mgmt. ☐
- Tech. Servs. ☐
- Training ☐
- Telephone Rm. ☐
- Director's Sec'y ☐

MAIL ROOM ☐

b6
b7C

Michael Deaver

211-25

2/12/87
20 SEP 30 1986

pt

APR 6 1987

Alleged Perjury Escalates Case Against Deaver

By ROBERT L. JACKSON,
Times Staff Writer

WASHINGTON—There is one lesson that some federal officials have learned the hard way: It's not only what you do but what you say about it later, especially if you say it under oath, that can get you into trouble.

During the Watergate era, for example, more than a dozen officials of Richard M. Nixon's Administration, including former Atty. Gen. John N. Mitchell and former top White House aides H. R. Haldeman, John D. Ehrlichman and Dwight Chapin, were convicted of perjury for lying about their actions.

And now the same specter faces Washington lobbyist Michael K. Deaver, President Reagan's former close aide, who has repeatedly denied any wrongdoing and expressed confidence that he will be cleared.

Until last week, Deaver was merely the target of a federal investigation probing whether he had violated a law that restricts the activities of one-time government officials who seek to lobby their former colleagues.

That investigation, while hardly comforting, posed a relatively minor threat to Deaver.

Fuzzy Area of Conduct

The 1978 law attempts to regulate a fuzzy area of conduct. It has long been common practice in Washington for former government officials and members of Congress to use their contacts and expertise to build lucrative second careers as lawyers and lobbyists. So murky is the line between what is proper and improper that the law has been used for fewer than a dozen prosecutions—and most of those have failed.

John C. Keeney, a senior Justice Department official, said juries "are disinclined to convict for technical criminal violations which cannot be shown to have resulted in harm."

But now Deaver is facing a much more serious threat. A House subcommittee last week recommended unanimously that Whitney North Seymour Jr., the court-appointed independent counsel who is investigating Deaver, consider perjury charges against him.

Violation of the 1978 Ethics in

Government Act, which regulates lobbying by former government officials, carries a maximum prison term of only two years. Perjury, by contrast, is punishable by up to five years in prison.

Beyond that, legal authorities said the perjury accusation moved Seymour's inquiry from a gray area of the law to one that is painted in black and white.

Although the Ethics in Government Act prohibits one-time officials from lobbying their former colleagues for a year—and forbids them ever to lobby on issues they dealt with while in office—lobbyists can sometimes find indirect ways to accomplish what the law bans directly.

"Laws and regulations like the Ethics in Government Act can only go so far," said Ray Kline, president of the National Academy of Public Administration, a congressionally chartered organization that studies governmental problems. "You ultimately come down to questions of discretion and good judgment, and that depends on the quality of people whom a President appoints." Perjury, by contrast, is what Washington lawyer David M. Dorsen, a former New York prosecutor and Senate Watergate Committee investigator, called "a real honest-to-goodness crime." It is "one of the most serious crimes affecting white-collar defendants," he said.

"In the case of many statutes, you can argue that what you did was innocent," Dorsen said. "But with perjury, there is no such argument. It requires very specific intent and knowledge."

Closed Testimony

Seymour's conflict-of-interest investigation will examine allegations involving Deaver's representation of the Canadian government on the acid rain issue, of Rockwell International Corp. on the B-1 bomber and of a U.S. brokerage firm working with Japanese investors seeking Puerto Rican tax credits. All these subjects arose during Deaver's closed testimony on May 16 to the House Energy and Commerce subcommittee on oversight and investigations.

And all of them resulted in perjury allegations. Although the committee's chairman, Rep. John D. Dingell (D-Mich.), is regarded as a highly partisan Democrat, the motion to refer the perjury accusation to the independent counsel won the unanimous approval of the subcommittee's seven Republicans as well as 10 Democrats. Congressional sources said Seymour's aides promptly picked up hearing transcripts and other material provided

by the subcommittee.

Public records show Deaver's alleged perjury is based partly on his failure to tell the subcommittee, under intense questioning, about lobbying contacts with U.S. ambassadors in West Germany and Japan and with Robert C. McFarlane, who at the time was Reagan's national security adviser.

But Dingell said in a memorandum that Deaver and his attorneys had been notified before his appearance before the subcommittee on May 16 that he would be questioned about his contacts with U.S. ambassadors abroad. The recently released transcript of Deaver's testimony shows that after he mentioned contacting the ambassadors to Korea, Singapore and India, the following exchange took place:

Question: Let's go down the countries. You mentioned Korea, Singapore and India. Any other countries that you recall you had discussions with the ambassador?

Answer: Saudi Arabia is the only other country and I don't even know who the ambassador is there.

Q: But you did have discussions with the ambassador.

A: I did not.

Q: So you had no more discussions with U.S. ambassadors subsequent to your leaving the White House.

A: No.

The subcommittee said it later learned from the State Department that Deaver had visited U.S. Ambassador Mike Mansfield in Tokyo last January and had paid a similar visit to U.S. Ambassador Richard Burt in Bonn last February. Both visits followed an exchange of letters or phone calls between Deaver and the envoys.

In Mansfield's case, Deaver vainly sought the ambassador's support for Puerto Rican tax credits on behalf of Japanese investors he was representing. In the case of Burt, in

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whose residence he stayed, Deaver unsuccessfully tried to enlist the ambassador's aid in obtaining a contract with the city of Berlin to publicize its 750th anniversary in 1987. He had a later conversation with Burt about the matter at a Washington luncheon in March, according to Burt.

The House subcommittee charged that Deaver also lied when he was asked about any contacts he had with James C. Miller III, director of the President's Office of Management and Budget, or anyone at the National Security Council.

Deaver responded by mentioning a meeting with Miller earlier this year and added that an assistant had contacted William Martin, an official of the NSC. When pressed on whether there had been any other contacts by himself or his firm with OMB or NSC officials, the transcript showed that Deaver replied: "Those are the only two that I can recall."

Dingell said in a memo to other members of the panel that subsequent to Deaver's testimony, "the staff received information that Mr. Deaver had a significant telephone conversation in the summer of 1985 with Robert C. McFarlane, then assistant to the President for national security affairs and the highest-ranking staff person on the National Security Council. It has been determined that during this conversation, Mr. Deaver raised the issue of . . . the Puerto Rico tax credit."

The third case of alleged perjury, the subcommittee said, involved Deaver's description of a meeting last Feb. 27 with Budget Director Miller to enlist support for production of the B-1 bomber manufactured by Rockwell International, a Deaver client.

The subcommittee charged that Deaver lied in testifying he discussed the meeting with Rockwell officials both before and after it occurred. The hearing transcript shows the following exchange:

Q: Did you discuss your meeting with OMB Director Miller with Rockwell in advance?

A: I told them that I was going to call on Mr. Miller, yes.

Q: And did you report back to them following that meeting?

A: Yes, sir.

Q: And what did you report back?

A: Basically, what I have report-

ed to you today: what transpired at the meeting, and that I was going to send on a list of questions that he (Miller) had requested.

Dingell said that Rockwell officials, both initially and after an internal company inquiry, said that "the first they learned of any meeting between Mr. Deaver and Mr. Miller was when it was reported in the press some weeks later."

One independent legal authority, who spoke on condition he would not be identified, said this potential perjury count might be the weakest because a prosecutor might regard it as insignificant or lacking in materiality.

Deaver's attorneys charged that "some members of the subcommittee's staff have now spent three months trying desperately to find a 'possible perjury' charge . . . because they could find no substantive violation of a criminal law. Flyspecking 5½ hours of testimony in a 42-page memo does not support a perjury charge."

The attorneys said they have unspecified testimony and documents supporting Deaver's testimony regarding his conversation with Miller. They contended that the claim that Deaver failed to disclose his meeting with Ambassadors Mansfield and Burt "is specious." Deaver had no reason to hide those meetings and they would have been impossible to conceal in any event, they said. They declined comment on the charge regarding a Deaver-McFarlane conversation.

Before the development of possible perjury in the Deaver investigation, Seymour had been focusing on the charge that Deaver may have violated federal ethics provisions by lobbying on the acid rain issue for the Canadian government less than a year after leaving the White House and despite the fact that he had dealt with the issue while on the President's senior staff.

The General Accounting Office said in a report that Deaver's involvement with acid rain while serving in the White House was much more extensive than previously known.

The GAO, the investigative arm of Congress, said Deaver participated "personally and substantially" in at least 15 meetings at the White House on the pollution issue before leaving government in May, 1985. Then, according to the GAO, he represented Canada's side of the

issue in discussions last October with Drew Lewis, Reagan's special envoy on acid rain.

Seymour, a former New York federal prosecutor during the Nixon Administration, has declined all requests for comment on the progress or scope of his inquiry into Deaver's affairs. He has no legal deadline for completing it.

Washington attorney Herbert J. (Jack) Miller Jr., representing Deaver, noted that "there has been no complete investigation yet" pending Seymour's final report. Miller predicted that Deaver would be exonerated.

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Reagan Alone Offers Support**Political Pals Desert
Deaver as Woes Mount**By JACK NELSON, *Times Washington Bureau Chief*

WASHINGTON—When Michael K. Deaver returns from an African-safari vacation to the political jungle of Washington this week, he will find that most of the Administration officials and others who lionized him during his days as a top aide to President Reagan have disappeared into the underbrush now that he faces mounting legal problems.

Almost none, save Reagan himself, has offered public support for Deaver, now a lobbyist, since he came under investigation for alleged conflict of interest and possible perjury in testimony before a House subcommittee that is looking into his affairs.

'A Lot of Enemies'

Reagan last week told an inquiring reporter he still had confidence in his longtime friend and master image-maker, despite the House subcommittee's 17-0 vote referring three possible perjury charges to the independent counsel who is investigating Deaver's lobbying activities. Elsewhere, there has been a notable silence among former colleagues and associates in the Administration, in Congress and in private life.

"Nothing's being done at the White House to defend him except what the President has said," according to a senior Administration official who declined to be identified. "It's no secret he's made a lot of enemies, but this is a tragic thing for him. It's a terrible time for him to be off on vacation."

Beyond their public silence, many of Deaver's associates when he served as Reagan's deputy chief of staff—rigidly controlling access to the Oval Office—now privately offer harsh criticism of the government-official-turned-lobbyist.

"He got his comeuppance," said one former colleague last week.

"He got what he deserved," declared another.

Such critics "weren't willing to take him on when he was in a position of power, but they're eager to jump on him now that he's out and in trouble," said James Lake, a Washington lobbyist and former Reagan campaign press secretary.

In part, what is happening to Deaver is as old as Washington itself. It is a classic case of a once-mighty official finding he has few friends once he has lost power and run afoul of legal or ethical standards. "Washington is a tough town," Lake said.

In part, however, the response to Deaver stems from a widespread perception that he was arrogant and curt when he wielded power as one of the President's closest confidants and that he became obsessed with making money once he left the White House last year to set up his own Washington public relations firm. "He brought it on himself," said one former colleague.

Deaver's current legal problems stem from his attempt to jump directly from the White House into Washington lobbying and use his Administration connections on behalf of major corporations and foreign countries, including CBS, TWA, Canada, Singapore and South Korea.

A year ago—only three months after resigning as Reagan's most trusted aide to open the lobbying firm—Deaver appeared to be succeeding beyond his wildest dreams. When a friend asked how things were going, Deaver, who had said he thought that with his connections he would make \$1 million a year, replied: "Great, great, I'm making far more than I ever thought I would."

The President himself had given Deaver a considerable boost in his new venture. With Reagan's permission, Deaver had retained the coveted White House pass that entitled him to instant access to the building even though he no longer had an official connection with the government.

And the President, in formally accepting his resignation, had written him a letter—which the White House made public—saying Reagan could never accept the resignation "in my heart" and that he and his wife, Nancy, wanted Deaver to "continue to be a part of our lives . . . part of our life-support system."

Chauffeur-Driven Car

With such a send-off, Deaver opened an opulent office in fashionable Georgetown and soon was traveling around Washington in a chauffeur-driven Jaguar. Early this year, with high-paying clients beating a path to his door, he was on the verge of selling his lobbying firm, Michael K. Deaver & Associates, to a British firm for a reported \$18 million.

For a man who had grown up poor in Bakersfield, Calif., and who at one time complained he could not get by on his annual \$70,000 White House salary and was living on his savings, the 48-year-old Deaver had come a long way in a hurry.

But now he appears to be in deep trouble, both legally and professionally.

The investigations subcommittee of the House Energy and Commerce Committee has asked Whitney North Seymour Jr., the independent counsel, to determine if Deaver lied by failing to disclose contacts he had last summer with Robert C. McFarlane, then the President's national security adviser, and more recently with U.S. ambassadors in West Germany and Japan.

In addition, Deaver allegedly lied in connection with a meeting he had last Feb. 27 with James C. Miller III, the President's budget director. At the meeting, Deaver urged production of the B-1 bomber by Rockwell Corp., one of his

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 The Christian Science Monitor _____
 USA Today _____

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clients, and Deaver told the subcommittee under oath that he talked about the meeting with his client both before and after it took place. Rockwell officials have told the subcommittee they knew nothing of Deaver's meeting with Miller, either before or after it occurred, and learned of it only from later press accounts.

Seymour already has been investigating Deaver's approaches to McFarlane and Miller as possible violations of the Ethics in Government Act, which prohibits a high ex-official like Deaver from lobbying former colleagues within a one-year period after leaving government service.

And Seymour is seeking to determine if Deaver violated other conflict-of-interest provisions by working for the Canadian government to get Reagan Administration action on the problem of acid rain, despite evidence that Deaver was heavily involved in 15 meetings on that pollution problem while working in the White House.

Deaver has repeatedly denied that he did anything illegal or improper.

Moreover, some of Deaver's clients have failed to renew their contracts since the investigations began and Saatchi & Saatchi, the British advertising concern that was negotiating to buy Deaver's firm, has backed out of the deal.

"It looks like things are going down the drain for Mike," said a senior Administration official who declined to be identified. "Given the nature of the business he's in, I don't see how it can survive an extended investigation."

As a Reagan aide, Deaver kept a relatively low public profile, although he attracted unwanted publicity by playing a major role in White House power struggles and twice by engaging in controversial private transactions—signing a contract to write a diet book and obtaining a special discount on a luxury BMW automobile while in Europe doing advance work on Reagan's 1985 trip to Germany.

As a lobbyist, though, Deaver reveled in publicity before the investigations, apparently feeling it would help bring in business. "There's no question I've got as good access as anyone in town," he told one reporter.

Time's Cover Story

His friends as well as his enemies believe his current difficulties stem in part from his high profile. They single out the Time magazine cover story of last March 3 showing a

dapper Deaver, clad in a dark suit with a red scarf, telephoning from the back seat of his Jaguar, the Capitol dome in the background.

In large lettering on the photograph, above an "Influence Peddling in Washington" caption, Time left little doubt about the lobbyist's Reagan connection: "Who's This Man Calling?"

The publicity seemed to stir animosity among a number of former Deaver associates who also had left the Administration to go into lobbying. They resented his bragging and what they considered his reckless rush into the field and the broader spotlight it was putting on lobbying in general.

"He bragged about being the President's closest friend, and about his White House pass and chauffeur-driven car and about making money and selling his company for \$18 million," said a lobbyist who was a Reagan aide and—like most others discussing Deaver's problems—declined to be identified. "It went to his head. The successful people in this town try to keep their heads down. Stick it up and you get it knocked off."

Lake acknowledges that Deaver has an image problem but said: "It's too bad that the same high-quality performance Mike consistently demonstrated while serving Ronald Reagan has not been called upon to help him when he is in this difficulty. Ronald Reagan had no better aide in helping him convey his views and character to the American public. Too bad Mike Deaver doesn't have a Mike Deaver."

Deaver also violated the old rule that you should be nice to the people you meet on the way up because they are the same people you will meet on the way down, according to a former Administration official who commented on condition he not be identified. Several others echoed that thought.

Part of Deaver's problem, they said, stems from bitterness left over from the early days of the Reagan presidency when he and James A. Baker III, leaders of a moderate faction, were locked in a White House power struggle with then-White House aides Edwin Meese III and William P. Clark, leaders of a conservative faction.

"He's been deserted because he deserted his old friends and his new friends aren't there when he needs them," said a former Reagan aide. "He sided up with Jim Baker against Ed Meese and Bill Clark and most of the Reaganites who were with Ronald Reagan in the beginning. And when he had the

power in the White House he just stuck it to the Reaganites or ignored them."

For his part, Baker, now secretary of the Treasury, who owes his Reagan connection to Deaver, has told Deaver he is still his friend, but to inquiring reporters he has said he cannot make a judgment on Deaver's case because any Deaver lobbying activities involving the White House would have occurred after he (Baker) left as Reagan's chief of staff.

Deaver was instrumental in Reagan's appointment of Baker as chief of staff.

Outwardly, at least, Deaver so far has not shown great concern about the investigations. Queried by a reporter a week ago in Nairobi, Kenya, two days before the House subcommittee voted on the perjury issue, he said he was "not concerned at all" about the vote.

"I'm just having a good time watching the four-legged hyenas here," he said. "There's a great similarity between the behavioral characteristics of the four-legged and two-legged hyena."

Suggested a senior Reagan official: "Before that comment got published, there might have been a chance one or two Republicans on the subcommittee would have filed a minority report on the perjury matter," offering at least some words of support or defense for their fellow Republican. None did.

Deaver has a talent for irritating people by saying the wrong thing at the wrong time, associates say. When his lobbying activities first surfaced last spring, the New York Times quoted lobbyist and political consultant Edward J. Rollins, a former White House aide, as saying that it is not what people do in Washington that brings them down, "it's the sin of arrogance."

At a dinner party here last month, Deaver displayed his talent with a toast while seated between Rollins' fiancée, Sherrie Sandy, communications director for a large Washington development firm, and Independent News Network correspondent Jan Smith, wife of ABC's Sam Donaldson:

"You can tell how far from power I've fallen in a year when I'm seated between Ed Rollins' fiancée and Sam Donaldson's wife," Deaver said.

An awkward silence fell over the crowd of journalists and government officials, including Treasury Secretary Baker and White House aide Dennis Thomas. A fuming Rollins and his fiancée hurried out. The incident quickly became the talk of Washington's cocktail circuit and an item about it appeared

in the Washington Post.

"Mike was just trying to be self-deprecating," said an administration official who was at the party. "but he doesn't seem to be doing anything right since he left the White House."

Another Washington lobbyist, Joseph W. Canzeri, who served as Deaver's assistant during the first year of the Reagan Administration, said: "Deaver did a wonderful job for Ronald Reagan and the country and that shouldn't be overlooked. And I'd bet my life that, whatever he did, Mike never thought of doing anything with criminal intent."

Canzeri, who has worked closely with Deaver in the past, beginning in the late 1960s when Canzeri was an assistant to New York Gov. Nelson A. Rockefeller and Deaver was an assistant to then-California Gov. Reagan, said: "Never when I have been with him have I seen him make a decision that wasn't in Ronald Reagan's interest. But the difficulty he is in now is not good for Reagan. And the long-term tragedy that Mike is going to have to face is that it may tarnish the President."

Canzeri resigned as Deaver's deputy in February, 1982, saying he wanted to spare Reagan any embarrassment after the Justice Department began investigating two allegations of double-billing of expenses and his acceptance of a cut-rate mortgage. The Justice Department subsequently concluded no law had been violated by Canzeri, who has maintained close contact with the Reagans.

Despite Reagan's vocal support for Deaver, Deaver's future as a confidant of the President may be in doubt. Reagan has a record of disassociating himself from people he thinks are hurting his career. In fact, he dumped Deaver once before—in 1979 when John P. Sears, then manager of his presidential campaign, threatened to quit unless Deaver left. Although Deaver was ousted, he subsequently rejoined the Reagan campaign and Sears was fired.

The way Sears sees it, it is nothing personal with Reagan, who was hardened by the personnel practices of Hollywood and is capable of distancing himself from Deaver if the going gets too tough for his former aide and the investigations appear to be tarnishing the White House.

"It comes from his background as an actor," Sears said. "When you're in the acting business, people come and go, the director might change. But you're the star and you don't get into that. That's sort of the way it is."

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Deaver Discloses Contacts With 3 Presidential Aides

By ROBERT L. JACKSON and RONALD J OSTROW,
Times Staff Writers

WASHINGTON—Former White House aide Michael K. Deaver, now a Washington lobbyist, has revealed contacts with three top presidential aides, according to new reports filed with the Justice Department under a law governing foreign agents.

The reports show that Deaver dined last March with three assistants to the President, several months after Deaver had been cautioned by a White House lawyer that his discussions with persons of that rank could place him in violation of the federal Ethics in Government Act.

Deaver's new disclosures, required under the Foreign Agents Registration Act, were in the form of an "amendment" and "corrections" to reports that he had filed earlier with the department covering a six-month period ending in March. Failure to provide all relevant information by persons like Deaver who represent foreign clients can be a matter for prosecution under the act.

Deaver's lobbying activities are under investigation by a court-appointed independent counsel and by the investigations subcommittee of the House Energy and Commerce Committee. Tuesday, the subcommittee cast a 17-0 bipartisan vote adopting a staff report that charged Deaver with lying in his testimony at a hearing of the panel.

The new reports disclose that Deaver, in connection with his representation of the government of South Korea on trade matters, was host at a dinner on March 13 at Washington's fashionable Hay-Adams Hotel in honor of Korea's ambassador to the United States, Kim Kyung Won.

His report showed that guests included David B. Waller, then senior associate counsel and special assistant to the President; Dennis Thomas, the top aide to White House Chief of Staff Donald T. Regan, and Stephen Danzansky, a special assistant to President Reagan and senior director of international economic affairs.

Last summer, according to recently released congressional testimony by Fred F. Fielding, the White House counsel until his departure two months ago, Fielding warned Deaver that, because he had left the White House in May, 1985, he was prohibited by the ethics law from approaching high-ranking White House officials on behalf of any clients until May, 1986.

Besides the Korean government, Deaver was representing Korea's Daewoo Corp., whose chairman attended the dinner. Deaver at the time was trying to help Daewoo settle a multimillion-dollar U.S. penalty assessment because the firm had been determined to have "dumped" steel on the American market.

Meeting Called Social

Deaver was reported on vacation in Africa on Wednesday and could not be reached for comment. His attorney, Randall J. Turk, said that Deaver did not believe his "social" contacts with Waller, Thomas and Danzansky violated any law because "no political representation" was made to them at the dinner.

Waller, now an assistant secretary of energy, worked for Fielding at the time but said he was not aware of Fielding's previous admonition to Deaver. He said he was not involved in the legal review of Deaver's activities that Fielding conducted last March and April at the request of congressional investigators.

"Had it (the review) been going on before that, maybe I would have given some thought to not attending the dinner," Waller said. But he added that he had "no substantive conversation" with Deaver at the dinner "nor did I have any idea what Mike was doing with the South Koreans."

Thomas and Danzansky did not respond to requests for comment on their attendance at the dinner. Other guests included officials of

the Defense, State and Labor departments. Deaver is not legally barred from contacting officials at departments in which he did not work.

As federal inquiries of Deaver have intensified, the new filings at the Justice Department show also that two foreign clients—the Ministry of Commerce and Industrial Development of Mexico and the Panama-based C.B.I. Sugar Group—have not renewed one-year contracts of \$250,000 and \$300,000 respectively.

It was previously reported that Deaver had agreed not to continue representing the government of Canada, a \$105,000-a-year client.

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The Chicago Tribune _____
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Trade office fastens lid on Deaver documents

By George Archibald
THE WASHINGTON TIMES

The Office of the U.S. Trade Representative has clamped a lid of secrecy on scores of documents involving dealings with the lobbying firm of Michael K. Deaver & Associates, saying the records have been turned over to government investigators.

The government trade office, part of the expanded White House known as the Executive Office of the President, acted on grounds that the documents have been given to a court-appointed independent counsel and a House subcommittee as possible evidence in conflict-of-interest probes.

The probes involve Michael Deaver, the former White House deputy chief of staff, and two of his key assistants, Doral S. Cooper and Lisa B. Barry, who previously worked as high-ranking officials at the trade office.

The trade office, in response to a Freedom of Information Act request by The Washington Times, claimed that public release of more than 125 pages of documents might prejudice the investigations.

Most of the documents provide details of dealings between Mrs. Cooper and Mrs. Barry, in behalf of the Deaver firm, and various trade office officials, according to the office's partial response to The Times' May 2 FOIA request.

Whitney North Seymour Jr., the court-appointed independent counsel, has not communicated with the trade office since his appointment

May 29, said deputy USTR general counsel C. Michael Hathaway. It is not known whether Mr. Seymour is interested in the documents, which the trade office submitted voluntarily, Mr. Hathaway said.

According to government sources, the two women are being investigated by the House Energy and Commerce subcommittee on oversight and investigations for possible violation of federal conflict-of-interest laws.

Mrs. Cooper was a \$72,300-a-year assistant U.S. trade representative for the Asian, Pacific and African regions when she left the trade office last August to join the Deaver firm as a consultant-lobbyist.

Mrs. Barry was a \$45,911-a-year deputy assistant trade representative for trade policy when she left the office in January. According to government sources and Mr. Deaver's Justice filings, Mrs. Barry has made most of the firm's contacts with several dozen USTR officials on foreign trade-related matters.

Mrs. Cooper and Mrs. Barry have declined repeatedly to respond to a reporter's inquiries.

As a former senior official, Mrs. Cooper was prohibited for one year from having any contacts with the trade office as a foreign agent. Mr. Deaver, through a spokeswoman last May, emphatically denied that Mrs. Cooper had any dealings with the Office of the Trade Representative in behalf of clients.

Mrs. Barry served as a GS-14 but was not considered a "senior" official for purposes of ethics laws.

Former federal employees are barred for at least two years from representing clients before government agencies on issues in which they were involved while in office.

The Office of the Trade Representative's partial response to The Times' FOIA request shows that Mrs. Cooper had at least 10 previously undisclosed telephone and luncheon contacts with members of the trade office's legal staff and officials responsible for U.S. trade policy in Canada, Europe, the Middle East and elsewhere in the Mediterranean region.

"She's a very sociable person and sometimes calls people up to schmooze and find out what's going on," said Amelia Porges, a trade office deputy general counsel who the records show was contacted by Mrs. Cooper on several occasions.

"I stare into my green screen and crank out the administration's legislative positions. I also work on Japanese stuff," Ms. Porges said. "The most she [Mrs. Cooper] might have done was ask me, 'Do you think there's going to be a trade bill this year?' ... I said nothing to Doral that she couldn't have gotten from the newspapers or [U.S. Trade Representative Clayton] Yeutter's speeches."

In recent amendments to his Justice Department filings under the Foreign Agents Registration Act, Mr. Deaver reported that Mrs. Cooper and Mrs. Barry both met Feb. 13 with U.S. Deputy Trade Representative Michael B. Smith.

Among other matters, they discussed pending unfair trade practice cases brought against South Korea by the United States, Mr. Deaver disclosed. The Deaver firm had a \$475,000-a-year contract to represent South Korea's interests.

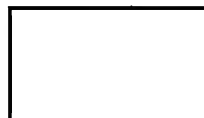
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DEAVER

BY LARRY MARGASAK

WASHINGTON (AP) -- LOBBYIST MICHAEL K. DEAVER AND MEMBERS OF HIS COMPANY WERE WARNED AT LEAST THREE TIMES BY REAGAN ADMINISTRATION OFFICIALS THAT THEIR ACTIVITIES COULD BE IMPROPER, A HOUSE SUBCOMMITTEE REPORT SHOWS.

IN ADDITION, THE REPORT REVEALED, THE DEAVER FIRM CONTINUED LOBBYING TO RETAIN TAX CREDITS FOR BUSINESSES INVESTING IN PUERTO RICO -- EVEN THOUGH IT KNEW THE REAGAN ADMINISTRATION OPPOSED THE PROGRAM.

ACCORDING TO THE SUBCOMMITTEE, THE CONTINUED LOBBYING WAS CONTRARY TO DEAVER'S TESTIMONY TO THE PANEL THAT HE WOULD "CANCEL" A CONTRACT RATHER THAN ACT AGAINST U.S. INTERESTS.

THE DISCLOSURES WERE INCLUDED IN A REPORT RELEASED TUESDAY BY THE HOUSE ENERGY AND COMMERCE INVESTIGATIONS SUBCOMMITTEE. IT CONCLUDED DEAVER "KNOWINGLY AND WILLFULLY TESTIFIED FALSELY" BEFORE THE PANEL ABOUT HIS LOBBYING ACTIVITIES.

THE COMMITTEE ADOPTED THE REPORT 17-0, AND ASKED A COURT-APPOINTED INDEPENDENT COUNSEL TO INVESTIGATE WHETHER DEAVER SHOULD BE PROSECUTED FOR POSSIBLE PERJURY, FALSE STATEMENTS AND OBSTRUCTION OF A CONGRESSIONAL INVESTIGATION.

RANDALL FURK, A DEAVER ATTORNEY, OBJECTED, SAYING, "NONE OF THE SUBCOMMITTEE'S MEMBERS, AND ITS STAFF, HAVE NOW SPENT THREE MONTHS TRYING DESPERATELY TO FIND A POSSIBLE PERJURY CHARGE."

"THEY DID THIS BECAUSE THEY COULD FIND NO SUBSTANTIVE VIOLATION OF CRIMINAL LAW. FLYSPECKING FIVE-AND-ONE-HALF HOURS OF TESTIMONY DOES NOT SUPPORT A PERJURY CHARGE."

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DEAVER

BY TIMOTHY BANNON

WASHINGTON (UPI) -- A REPORT ADOPTED 17-0 BY A HOUSE SUBCOMMITTEE
YS FORMER WHITE HOUSE AIDE MICHAEL DEAVER LIED THREE TIMES UNDER
TH TO THE PANEL, WHICH WILL GIVE ITS FINDINGS TO A SPECIAL
PROSECUTOR PROBING HIS POSSIBLE ETHICS VIOLATIONS.

"MR. DEAVER KNOWINGLY AND WILLFULLY TESTIFIED FALSELY," ABOUT
CONTACTS HE HAD WITH WHITE HOUSE OFFICIALS AND U.S. AMBASSADORS SINCE
LEAVING THE WHITE HOUSE IN MAY 1985 TO OPEN A PUBLIC RELATIONS AND
ADVERTISING FIRM, THE REPORT CONCLUDED.

RANDALL TURK, A LAWYER FOR DEAVER, SAID TUESDAY THE SUBCOMMITTEE
S BEEN "DESPERATELY" ENGAGED IN AN ATTEMPT TO FIND "SUBSTANTIVE
VIOLATION OF CRIMINAL LAW." HE PREDICTED PRESIDENT REAGAN'S LONG-TIME
TEND AND DEPUTY CHIEF OF STAFF WILL BE EXONERATED.

BUT THE RANKING REPUBLICAN ON THE HOUSE ENERGY AND COMMERCE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS, FOLLOWING NEARLY TWO
HOURS BEHIND CLOSED DOORS, EMERGED TO PRAISE THE 44-PAGE STAFF REPORT
A BIPARTISAN EFFORT.

REP. NORMAN LENT, R-N.Y., CITED "LACK OF CANDOR" BY DEAVER IN HIS
MAY 16 RESPONSE TO SUBCOMMITTEE QUESTIONS ABOUT HIS WORK AFTER
LEAVING GOVERNMENT.

"WE BELIEVE THAT THE (ADMINISTRATION) WITNESSES ... HAVE MADE A
GOOD-FAITH ATTEMPT TO BE FORTHCOMING AND PROVIDE US WITH ALL THE
FACTS," LENT SAID. "MICHAEL DEAVER'S TESTIMONY WAS THE UNFORTUNATE
EXCEPTION TO THIS RECORD."

THE REPORT SAID DEAVER'S FAILURE TO DISCLOSE SOME CONTACT WITH
WHITE HOUSE OFFICIALS SUGGESTS "AN INTENT TO DECEIVE" AS WELL AS THE
EXISTENCE OF STILL MORE UNREVEALED CONTACTS.

THE PANEL'S STAFF REPORT SAID DEAVER MAY HAVE PERJURED HIMSELF
WHEN HE TESTIFIED THAT AFTER RESIGNING HIS WHITE HOUSE POST HE HAD
ONLY ONE CONTACT WITH THE EXECUTIVE OFFICE OF THE PRESIDENT.
THE REPORT SAID DEAVER FAILED TO MENTION A "SIGNIFICANT" CONVERSATION
WITH NATIONAL SECURITY ADVISER ROBERT MCFARLANE.

CONTACTED ONLY THE U.S. AMBASSADORS FOR KOREA, SINGAPORE AND
WEST GERMANY, WHEN HE WAS IN FACT ALSO MET WITH THE U.S. AMBASSADORS TO
GERMANY AND JAPAN.

THE REPORT A CLIENT, ROCKWELL INTERNATIONAL CORP., OWNER OF THE
ROCKWELL AIRCRAFT, THAT HE WAS GOING TO MEET WITH JAMES HILLER, DIRECTOR
OF MANAGEMENT AND BUDGET, TO DISCUSS THE AIRCRAFT.
THE REPORT SAID THEY LEARNED OF THE MEETING FROM THE NEWSPAPERS.

ESSAY | William Safire

The Arm on Reagan

WASHINGTON

Was Ronald Reagan used, and was the White House staff manipulated, by Michael Deaver in landing a \$2-million-a-year group of accounts with the South Korean Government? The White House Counsel, Peter Wallison, thinks not; I think so.

1. While representing Philip Morris in its efforts to penetrate the lucrative South Korean cigarette market, Mr. Deaver — in Seoul last summer — approached Kim Kihwan, the Korean President's confidant, with a pitch for the Government's business. He also assured Richard (Dixie) Walker (the right-winger, not the right fielder) that President Reagan had decided to extend his appointment as Ambassador to South Korea. Ambassador Walker knocked himself out to help Mr. Deaver.

2. On Oct. 1, 1985, the eager-to-please Ambassador Walker called Mr. Deaver in Washington. According to the thorough reporting in the Far East by Martin Tolchin and Stuart Diamond of The New York Times, Ambassador Walker says Mr. Deaver suggested that Dr. Kim meet President Reagan in the Oval Office. I suspect the South Koreans were led to believe that the Deaver magic could bring this about.

3. Ambassador Walker that day cabled Gaston Sigur of the National Security Council on the C.I.A. "back channel," circumventing the usual State Department communications. In that cable, which has been read to me, Ambassador Walker said that Dr. Kim was on his way to Washington carrying a letter about Korean-American trade from the Korean President to the U.S. President, and that having him deliver the letter in person would dramatize its importance. Mr. Deaver's hand was concealed: at first, Ambassador Walker tried to hide his own role in setting up the meeting but, when recently reminded by the White House of his cable's existence, called The Times back later with the painful truth.

4. Still on Oct. 1, Michael Deaver's top aide, William Sittman, called the White House Counsel's office to find out whom he could call to find out the status of the South Koreans' request. According to sworn Deaver testimony, Mr. Sittman was told (probably by a White House Counsel) to call William Martin, which Mr. Deaver testified Mr. Sittman did; Mr. Martin, now at the Energy Department, claims to remember nothing. But the Deaver interest in the proposed Kim-Reagan meeting was made known at the N.S.C.

5. Early in the morning of Oct. 2, with the State Department wondering

How he was used by Deaver

what was going on, Dr. Sigur rushed a memo via William Martin to his boss, Robert McFarlane, recommending "the President see Kim briefly to receive the message."

6. Within an hour, the national security adviser agreed to slip Dr. Kim in to see the President during the time set aside for the security briefing. By doing so, he circumvented the normal appointments screening process; appointments secretary Fred Ryan was not informed in advance.

7. And so it came to pass, at 11 A.M. on Oct. 2, within 24 hours of the Deaver suggestion to our man in Seoul, a Korean functionary flew halfway around the world and into a meeting with the President, Vice President Bush and present and future national security advisers McFarlane and Poindexter. For two glorious minutes he posed for a picture with Mr. Reagan, handing over President Chun Doo Hwan's letter.

Now, that is how to get a piece of business or lock up a new account. Mr. Deaver's South Korean filings were later amended to add the International Cultural Society of Korea to his representations, with the starting date given as Oct. 1.

"It happened quickly," admits Mr. Wallison, the White House Counsel, "but the guy was there. It got done." He sees no "use" of the President in getting business in all of this, considers the Sittman call legitimately informational and the meeting in the national interest.

We differ. Other questions to be asked when the Independent Counsel's lackadaisical investigators get around to this subject include: Who in the White House knew of Michael Deaver's interest in getting Dr. Kim to see the President? When was the President or Mrs. Reagan informed that the lightning-like demonstration of "access" had clinched or solidified an account for their dearest friend? (Tobacco tipster: Get in telephone touch.)

I don't know if any of this apparent manipulation of the President is illegal, but here is evidence that the White House has a guilty conscience: That Reagan-Kim picture, taken at taxpayers' expense, is not available to you or me. Somebody may be busy losing the negative right now. □

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Let justice do its job in the Deaver case

'MR. DEEVER'S LACK OF CANDOR in no way reflects on those in the administration with whom he had contact," said New York Republican Rep. Norman F. Lent after release of the subcommittee report that takes Michael K. Deaver's hide off. Fine. But it's distressing that President Reagan reaffirmed "full confidence" in his deputy-chief-of-staff-turned-lobbyist.

Loyalty is a splendid virtue. There is dignity and decency in supporting friends and colleagues when they are down—even out. But there is a vast difference between personal support and official approval.

Should Deaver go to jail? That's for the courts to decide. And the next step in that is up to Whitney North Seymour Jr., the special prosecutor. A tough, important job.

The charges by the subcommittee—a serious body of dispassionate legislators—are hard and strong: Perjury, obstruction of a congressional investigation. Bad stuff.

Justice must, and will, be done—as swiftly as prudence allows. Meanwhile, Mr. Reagan and politicians of every stripe will best serve justice by standing silent.

Editorial

The Washington Post _____
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PICKUP10THGRAF: SEYMOUR'S INQUIRY - DETAILS OF CONFLICTS IN
DEAVER'S TESTIMONY) BY GREGORY GORDON

WASHINGTON (UPI) - REP. JOHN DINGELL SAYS HIS HOUSE SUBCOMMITTEE
WILL BE ASKED NEXT WEEK TO REFER EVIDENCE OF SEVERAL INSTANCES OF
POSSIBLE PERJURY BY MICHAEL DEAVER TO A SPECIAL PROSECUTOR INVESTIGATING
LOBBYING ACTIVITIES OF THE FORMER TOP WHITE HOUSE AIDE.

DINGELL, D-MICH., SAID THURSDAY AN UNCOMPLETED STAFF REPORT FOR HIS
ENERGY AND COMMERCE SUBCOMMITTEE HAS FOUND "SERIOUS CONFLICT" WITH
SEVERAL ASPECTS OF DEAVER'S CLOSED-DOOR TESTIMONY TO THE PANEL LAST MAY.

DINGELL SAID THE SUBCOMMITTEE ALSO WOULD BE ASKED TO VOTE NEXT
TUESDAY TO ADOPT THE STAFF REPORT, BASED ON A LENGTHY INVESTIGATION OF
DEAVER'S MULTIMILLION-DOLLAR LOBBYING BUSINESS, INCLUDING AN INQUIRY BY
THE GENERAL ACCOUNTING OFFICE, WHEN IT IS COMPLETED.

A KEY ISSUE IS WHETHER DEAVER, IN REPRESENTING BUSINESS AND FOREIGN
INTERESTS, LIED TO THE SUBCOMMITTEE ABOUT HIS CONTACTS WITH FEDERAL
OFFICIALS ON MATTERS HE HAD PARTICIPATED IN DURING HIS WHITE HOUSE
TENURE.

RANDY TURK, A LAWYER FOR DEAVER, SAID IT WOULD BE "INAPPROPRIATE
TO COMMENT UNTIL SUCH TIME AS WE GET OFFICIALLY NOTIFIED OF WHAT'S GOING
ON AND HAVE AN OPPORTUNITY TO READ WHATEVER REPORT THEY'VE COMPILED."

SOURCES FAMILIAR WITH THE SUBCOMMITTEE INQUIRY SAID THE PANEL HAS
FOUND CONFLICTS BETWEEN DEAVER'S TESTIMONY AND THAT OF OTHER WITNESSES
ON HIS CONTACTS WITH FOUR ADMINISTRATION OFFICIALS: BUDGET DIRECTOR
JAMES MILLER III, FORMER WHITE HOUSE NATIONAL SECURITY AFFAIRS ADVISER
ROBERT MCFARLANE, U.S. AMBASSADOR TO WEST GERMANY RICHARD BURT AND U.S.
AMBASSADOR TO JAPAN MIKE MANSFIELD.

THE SOURCES SAID THE SUBCOMMITTEE IS EXAMINING DEAVER'S TESTIMONY
ABOUT HIS MEETING WITH MILLER TO PRESS THE ARGUMENTS OF HIS CLIENT, THE
ROCKWELL INTERNATIONAL CORP., IN FAVOR OF PRODUCTION OF B-1 BOMBERS.

IN ADDITION, THE SOURCES SAID QUESTIONS HAVE BEEN RAISED ABOUT
DEAVER'S CANDOR AS TO WHETHER HE RECEIVED BURT'S ASSISTANCE IN SEEKING A
CONTRACT IN WEST GERMANY TO PUBLICIZE BERLIN'S 750TH ANNIVERSARY.
SUBCOMMITTEE INVESTIGATORS RECENTLY FLEW TO EUROPE TO INTERVIEW BURT.

DEAVER SERVED ON A WHITE HOUSE-STATE DEPARTMENT COMMITTEE ON
AMBASSADORIAL APPOINTMENTS AND HELPED SELECT BURT FOR THE AMBASSADORSHIP
TO BONN, AS WELL AS THREE OTHER U.S. ENVOYS SERVING IN COUNTRIES WHERE
HE LATER SOUGHT LOBBYING BUSINESS.

THE SUBCOMMITTEE ALSO IS STUDYING DEAVER'S TESTIMONY ABOUT HIS
CONTACT WITH MCFARLANE ABOUT HIS LOBBYING FOR TAX BREAKS THAT PUERTO
RICO HOPED TO RETAIN, THE SOURCES SAID. YET ANOTHER AREA IN QUESTION IS
HIS REMARKS ABOUT DISCUSSIONS WITH MANSFIELD ON BEHALF OF PUERTO RICO,
WHICH HOPED TO PROVIDE TAX BENEFITS TO JAPANESE COMPANIES INVESTING IN
THE U.S. COMMONWEALTH, THEY SAID.

SOURCES SAID DEAVER HAS ASKED FOR A TRANSCRIPT OF HIS TESTIMONY,
BUT IT WILL NOT BE RELEASED UNTIL THE SUBCOMMITTEE VOTES.

ON MAY 29, A SPECIAL FEDERAL COURT NAMED WHITNEY NORTH SEYMOUR JR.,
A FORMER U.S. ATTORNEY FROM NEW YORK, AS A SPECIAL PROSECUTOR TO
INVESTIGATE EVIDENCE DEAVER VIOLATED THREE PROVISIONS OF FEDERAL ETHICS
LAWS BY LOBBYING FOR CANADA AND PUERTO RICO.

DINGELL SAID IN A TELEPHONE INTERVIEW THAT THE PANEL WILL BE ASKED
TO REFER TO THE PROSECUTOR NEW "MATTERS WHICH POSSIBLY INVOLVE PERJURY
IN HIS (DEAVER'S) TESTIMONY UNDER OATH BEFORE THE SUBCOMMITTEE,
INCLUDING MATTERS WITH WHICH MR. DEAVER'S TESTIMONY IS IN SERIOUS
CONFLICT."

HE SAID THERE ARE "SEVERAL INSTANCES OF POSSIBLE PERJURY" BY
DEAVER, A LONGTIME FRIEND OF PRESIDENT AND MRS. REAGAN, WHO WAS ALLOWED
TO KEEP HIS WHITEHOUSE PASS FOR ABOUT A YEAR AFTER HE LEFT OFFICE ON MAY
10, 1985. SEYMOUR'S INQUIRY, LAUNCHED AT THE REQUEST OF THE JUSTICE
DEPARTMENT, IS INVESTIGATING ALLEGATIONS THAT DEAVER'S CONTACT WITH THE
WHITE HOUSE ON BEHALF OF CANADA, FROM WHICH HE ACCEPTED A \$105,000
CONTRACT, VIOLATED FEDERAL CONFLICT-OF-INTEREST LAWS.

A JUSTICE DEPARTMENT REPORT DISCLOSED THAT WHILE DEAVER WAS AT THE
WHITE HOUSE IN FEBRUARY AND MARCH 1985, HE "GAVE ADVICE AND OTHERWISE
PARTICIPATED SUBSTANTIALLY IN THE CONTEMPORARY" BETWEEN CANADA AND THE

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A JUSTICE DEPARTMENT REPORT DISCLOSED THAT WHILE DEEVER WAS AT THE WHITE HOUSE IN FEBRUARY AND MARCH 1985, HE "GAVE ADVICE AND OTHERWISE PARTICIPATED SUBSTANTIALLY IN THE CONTROVERSY" BETWEEN CANADA AND THE UNITED STATES OVER THE REDUCTION AND ELIMINATION OF ACID RAIN.

FOLLOWING HIS RESIGNATION: "ON OCT. 25, 1985, AN IMPORTANT MEETING RELATING TO THIS CONTROVERSY WAS HELD IN NEW YORK CITY," ATTENDED BY DEEVER, U.S. ACID RAIN ENVOY DREW LEWIS AND HIS CANADIAN COUNTERPART, WILLIAM DAVIS.

FEDERAL ETHICS LAWS GENERALLY RESTRICT THE CONTACT FORMER SENIOR GOVERNMENT OFFICIALS CAN MAKE WITH THEIR FORMER AGENCIES ON MATTERS IN WHICH THEY WERE SUBSTANTIALLY AND PERSONALLY INVOLVED WHILE IN GOVERNMENT SERVICE.

SEYMOUR'S INQUIRY ALSO IS FOCUSING ON ALLEGATIONS DEEVER MAY HAVE VIOLATED CONFLICT-OF-INTEREST LAWS BY APPROACHING NATIONAL SECURITY ADVISER ROBERT MCFARLANE ABOUT RETENTION OF A SECTION OF THE INTERNAL REVENUE CODE WORTH \$600 MILLION TO PUERTO RICO.

A REPORT ON A PRELIMINARY FBI INVESTIGATION SAID THE CANADA AND PUERTO RICO LOBBYING "COULD CONSTITUTE A NUMBER OF OFFENSES" UNDER THE ETHICS LAWS.

U.S. Probe Of Deaver May Widen

House Panel to Vote On Whether to Urge Perjury Investigation

By Howard Kurtz
Washington Post Staff Writer

A House subcommittee will vote Tuesday on whether to recommend that the independent counsel investigating former White House aide Michael K. Deaver examine whether Deaver committed perjury in testimony before the panel in May, its chairman said yesterday.

Rep. John D. Dingell (D-Mich.), chairman of the House Energy and Commerce subcommittee on oversight and investigations, said in a telephone interview that he will ask the panel to vote on a staff report containing "recommendations to the special prosecutor with regard to matters involving possible perjury in Mr. Deaver's appearance before the committee."

Dingell said the report contains allegations that "several parts" of Deaver's closed-door testimony before the panel May 16 may have been false.

The subcommittee, according to sources familiar with the probe, is examining differences between Deaver's testimony and that of other witnesses on his contacts with at least four administration officials: U.S. Ambassador to West Germany Richard R. Burt, U.S. Ambassador to Japan Mike Mansfield, Office of Management and Budget Director James C. Miller III and former White House national security affairs adviser Robert C. McFarlane.

Randall Turk, an attorney for Deaver, said yesterday that he could not comment until the subcommittee details such charges and he can review them. He said Deaver has repeatedly requested a copy of his testimony but has not been given a transcript.

Dingell said the staff report covers "the committee's inquiry on matters relating to Mr. Deaver to date" and "recommends referral" to Whitney North Seymour Jr., a former U.S. attorney in Manhattan named as independent counsel in the Deaver case by a three-judge panel.

The subcommittee will meet Tuesday in closed session, Dingell said.

Deaver resigned as White House deputy chief of staff in May 1985 and founded what quickly grew into a multimillion-dollar lobbying firm here.

Seymour is investigating whether Deaver violated federal conflict-of-interest laws in lobbying the Reagan administration on behalf of Canada and other clients.

Deaver has repeatedly denied improprieties and last spring requested that an independent counsel investigate the allegations.

One area of Deaver's testimony that sources said is being examined by the panel involves questions about whether Deaver received assistance from Burt in seeking a contract in West Germany. Subcommittee investigators recently interviewed Burt.

Burt has said he invited Deaver last February to bid for a contract to publicize Berlin's 750th anniversary. Burt also has said that he put up Deaver at the ambassadorial residence in Bonn and arranged meetings for him with German officials but that he provided similar assistance to competing U.S. firms.

As a member of a small White House-State Department group on ambassadorial appointments, Deaver helped select Burt for the post in Bonn, as he did three other ambassadors in whose countries he later sought business as a lobbyist. Deaver had also hired Gahl Hodges, subsequently Burt's wife, to be Nancy Reagan's social secretary.

The panel is also examining Deaver's testimony about his contact with McFarlane while lobbying for tax breaks that Puerto Rico was seeking to retain, sources said. A third area under scrutiny involves Deaver's contact with Mansfield while lobbying in Tokyo for a proposal under which Japanese companies investing in Puerto Rico would receive tax benefits.

In addition, questions have been

raised about Deaver's testimony on his meeting with Miller to urge production of B1 bombers built by another of his clients, Rockwell International.

The General Accounting Office found that Deaver may have violated conflict-of-interest laws by lobbying the White House on Canada's behalf about acid rain, an issue that the GAO said Deaver had personally and substantially handled while working in the White House.

It would also be a violation for Deaver to have lobbied White House officials on any issue for one year after he left the government.

Dingell, who originally indicated that he planned to ask Deaver to reappear before the subcommittee, said yesterday that he has decided not to seek further testimony from Deaver.

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Report of Possible Deaver Perjury Going to House Panel for Decision

By ROBERT PEAR

Special to The New York Times

WASHINGTON, Aug. 7 — A Congressional subcommittee investigating the activities of Michael K. Deaver has received a report recommending that an independent counsel examine evidence of "possible perjury" by Mr. Deaver in his testimony before the panel, the chairman said today.

The chairman, Representative John D. Dingell, Democrat of Michigan, said that his subcommittee would vote on the recommendation by its staff's next Tuesday. By voting it will decide on whether to refer the evidence to the independent counsel, Whitney North Seymour Jr., who has already been appointed to investigate conflict-of-interest charges against Mr. Deaver.

In an interview tonight, Mr. Dingell said: "The report will recommend referring certain findings of the subcommittee, with regard to Mr. Deaver, to the special prosecutor. The report will contain several instances of possible perjury in Deaver's testimony."

Mr. Deaver, a former deputy White House chief of staff, is a long-time friend of President Reagan and his wife, Nancy. He testified May 16 before the Investigations Subcommittee of the House Committee on Energy and Commerce. Mr. Dingell is chairman of that subcommittee and the full committee.

Mr. Deaver was not available for comment last night. One of his lawyers, Randall J. Turk, said he was "out of town on vacation" and that his lawyers had not yet contacted him on the matter.

Mr. Deaver has consistently denied any wrongdoing. In April he requested appointment of an independent counsel, saying an inquiry would show he had not violated any Federal laws. Mr. Deaver contends that the allegations against him were a politically motivated "attack on the integrity" of President Reagan and the Reagan Administration.

Accounting Office's View

Officials of the General Accounting Office, an investigative arm of Congress, told the Dingell subcommittee on May 12 that Mr. Deaver "appears" to have violated conflict-of-interest laws when he acted as a lobbyist for Canada in efforts to move the Reagan Administration toward an agreement on acid rain.

Last October, five months after leaving the White House, Mr. Deaver met with a Presidential envoy to Canada to discuss acid rain issues, according to the Justice Department, which was the

body that requested appointment of the independent counsel under the Ethics in Government Act.

The department found that Mr. Deaver, while still at the White House, "made recommendations, gave advice and otherwise participated substantially" in the acid rain controversy.

In a report on its preliminary inquiry, the Justice Department said that Mr. Deaver might have broken the law in another incident, when he placed a call last summer to Robert C. McFarlane to discuss tax advantages for the Commonwealth of Puerto Rico. Mr. McFarlane was then national security adviser at the White House. Mr. Deaver identified himself as a representative of Puerto Rico and discussed proposed changes in the tax code that could have eliminated tax benefits worth nearly \$800 million a year to the Puerto Rican economy, according to the Justice Department report.

Mr. Dingell's subcommittee received testimony on these issues and has also been investigating two other matters: Mr. Deaver's representation of the Daewoo Corporation, a South Korean manufacturing company, and his lobbying on behalf of the Rockwell International Corporation.

Congressional investigators are reviewing Mr. Deaver's efforts to persuade the Government to increase Air Force purchases of the company's B-1 bomber.

Mr. Dingell said the report to be considered by his subcommittee next week contained allegations and evidence of "possible perjury." But he declined to specify the subjects on which there were discrepancies between Mr. Deaver and other witnesses.

On Tuesday, Mr. Dingell said, he will ask the panel to approve the report suggesting that Mr. Seymour "inquire into whether or not indictments for criminal misbehavior" should be returned against Mr. Deaver.

In addition, Mr. Dingell said, he will ask the panel to certify the transcript of testimony by Mr. Deaver and other witnesses so it may be formally turned over to the independent counsel.

Mr. Turk, a member of Miller, Cassidy, Larroca & Lewin in Washington, said of the report: "We're just not in a position to make a comment before we see a copy of whatever report they have put together." He said his firm had not been contacted by the subcommittee on the possible perjury charge and learned of it from reporters this afternoon.

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Perjury Probe Of Deaver Is Said Urged in Report

By EDWARD T. POUND

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—A House investigative subcommittee will consider a staff report next week calling for the panel to seek a perjury investigation of former senior White House aide Michael Deaver, now a Washington lobbyist.

According to two members of the House Energy and Commerce Committee's investigations subcommittee, the staff report raises the possibility that Mr. Deaver committed perjury during closed-door testimony before the panel on May 16.

The staff recommends that the subcommittee refer the matter for investigation to Whitney North Seymour Jr., a prominent New York lawyer who was appointed May 30 by a special panel of federal judges to investigate conflict-of-interest charges against Mr. Deaver, the two members of the subcommittee said.

Mr. Deaver, who has repeatedly denied any wrongdoing, was on vacation and unavailable for comment. Randall Turk, one of his attorneys, declined to comment, saying he hadn't seen the subcommittee's staff report.

Rep. Ronald Wyden (D., Ore.), a member of the subcommittee, said the panel will meet on Tuesday to consider the staff's report, and is likely to vote then on the staff's recommendation.

"This is a serious matter," Rep. Wyden said. He added that a vote by the subcommittee to refer its staff findings to Mr. Seymour, the independent counsel, would mean that members thought "there was a serious prospect of perjury."

Panel members said that the questions concerned Mr. Deaver's testimony in several areas, including his testimony about his representation of the government of Canada and his dealings as a lobbyist with some U.S. ambassadors.

One panel member said Mr. Deaver was asked during his testimony to name U.S. ambassadors he had met with in pursuit of business. He named some, but failed to mention others, including Richard Burt, the U.S. ambassador to West Germany.

According to the panel member, Mr. Burt invited Mr. Deaver to Berlin in February to discuss a possible contract to publicize Berlin's 750th anniversary. Mr. Deaver wasn't hired by the Berliners.

The subcommittee, chaired by Rep. John Dingell (D., Mich.), has been investigating whether Mr. Deaver, as a lobbyist, violated conflict-of-interest laws that restrict the lobbying activities of former officials.

In naming Mr. Seymour independent counsel, a three-judge panel of the federal appeals court in Washington instructed him to determine whether Mr. Deaver's lobbying activities on behalf of Canada and Puerto Rican interests violated the conflict laws.

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House Panel to Give Special Prosecutor Evidence of Possible Perjury by Deaver

By JOHN E. YANG

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—A House subcommittee unanimously agreed to ask a special prosecutor to expand his investigation of lobbyist Michael Deaver to include evidence that the former White House aide may have committed perjury.

The House Energy and Commerce Committee's investigations subcommittee yesterday voted 17-0 to approve a staff memorandum on that evidence. The memo concludes that Mr. Deaver "may have violated federal criminal statutes relating to perjury, false statements and obstruction of a congressional investigation" when he testified before the panel in a closed-door session May 16.

The matter now goes to Whitney North Seymour Jr., an independent counsel appointed by a special three-judge panel to investigate conflict-of-interest charges against Mr. Deaver. Federal law restricts the lobbying activities of former government officials.

New York Rep. Norman Lent, the panel's ranking Republican, said after the vote that while other witnesses in the subcommittee's investigation "made a good-faith attempt to be forthcoming and provide us with all the facts, Michael Deaver's testimony was the unfortunate exception."

Mr. Deaver, who has repeatedly denied any wrongdoing, is on vacation in Africa

and unavailable for comment. His attorneys, Herbert Miller and Randall Turk, issued a statement saying: "Flyspecking 5½ hours of testimony in a 42-page memo doesn't support a perjury charge."

President Reagan, asked about the subcommittee's action as he arrived in Springfield, Ill., for a speech, said of Mr. Deaver: "I have full confidence in him."

Mr. Deaver resigned as deputy White House chief of staff in May 1985 to start his own lobbying firm in Washington.

The subcommittee staff found that Mr. Deaver "knowingly and willfully testified falsely" when questioned about three areas during the May session:

—Asked about a Feb. 27, 1986, meeting he had with Office of Management and Budget Director James C. Miller III to discuss the B-1 bomber, Mr. Deaver testified that he had told Rockwell International Corp., his client and the maker of the airplane, that he was planning to call on Mr. Miller and later reported the results. Rockwell officials, though, told subcommittee investigators that they first learned of the

HOUSE PANEL SAYS DEAVER WAS LYING IN MAY TESTIMONY

PERJURY CHARGE POSSIBLE

Subcommittee Votes 17 to 0 to Forward Its Evidence on Aide-Turned-Lobbyist

By **STUART DIAMOND**

Special to The New York Times

WASHINGTON, Aug. 12 — A House subcommittee said today that Michael K. Deaver, the former deputy White House chief of staff, lied in sworn testimony this spring, and it asked an independent counsel to investigate the possibility of perjury charges.

The Energy and Commerce Subcommittee on Oversight and Investigations voted 17 to 0 to adopt a staff report concluding that Mr. Deaver, who is a close friend of President Reagan and his wife, Nancy, "knowingly and willfully" made false statements in testimony before the panel May 16.

The subcommittee was looking into allegations that Mr. Deaver, now a lobbyist, used his former Government service and his friendship with the President to benefit his clients. The court-appointed independent counsel, Whitney North Seymour Jr., is already investigating whether Mr. Deaver's lobbying activities have violated ethics laws that restrict contact between former top officials and the agencies they worked for.

Evidence Is Forwarded

Mr. Deaver "may have violated Federal criminal statutes relating to perjury, false statements and obstruction of a Congressional investigation," the panel said in a cover memorandum.

Specifically, the lawmakers said Mr. Deaver, who left the White House in May 1985, did not tell them about a conversation last summer with the national security adviser in behalf of tax breaks for Puerto Rico, failed to report contacts with two United States ambassadors concerning his business dealings, and gave false testimony about his representation of the Rockwell International Corporation in his contact with the director of the Office of Management and Budget about Rockwell's B-1 bomber.

Deaver Out of Country

The subcommittee voted to forward

its evidence to Mr. Seymour, who was appointed in May under Federal laws that call for an independent counsel to act as a special prosecutor regarding allegations of official misconduct. John D. Dingell, the Michigan Democrat who heads the panel, took pains in a news conference today to say that it was up to Mr. Seymour to decide whether Mr. Deaver had committed perjury as defined by law.

After reviewing the evidence, Mr. Seymour will decide whether the case warrants consideration by a Federal grand jury, which could bring criminal charges against Mr. Deaver.

Mr. Deaver is on safari in Africa. The Washington law firm of Miller, Cassidy, Larroca & Lewin, which represents him, said today, "We are confident that after a full and impartial investigation, Mr. Deaver will be cleared of any wrongdoing, including the suggestion today that he may possibly have committed perjury."

Mr. Reagan, campaigning for Republican candidates in Illinois today, said that because the investigation was under way he could not comment on the allegations that his former aide had lied to Congress. But as he has said previously, the President added that "I'm confident" Mr. Deaver will be exonerated. "I believe in his integrity," Mr. Reagan said.

But committee members from both parties were critical of Mr. Deaver's actions. "The man was lying," said Norman F. Lent, the Nassau County Republican who is the ranking minority member of the subcommittee.

Representative Ron Wyden of Oregon, a Democrat, said: "There is no Republican and no Democratic way to tell the truth. Today's bipartisan vote sends a simple message: Nobody, no matter how high or how mighty, is above the law."

There are 11 Democrats and 7 Republicans on the subcommittee. It could not be determined which member was not present for the vote today, which was taken in a closed session.

The lawmakers said it appeared that Mr. Deaver alone among the many people they interviewed was untruthful. A statement by six Republican members of the committee said that "many present and former Administration officials have made a good-faith attempt to be forthcoming" but "Mr. Deaver's testimony was the unfortunate exception to the rule. Mr. Deaver, for whatever reason, failed to provide full and accurate information on matters material to the subcommittee's investigation."

The statement went on to say that "Mr. Deaver's lack of candor in no way reflects on those in the Administration with whom he had contact" and added, "We are satisfied that the Reagan Administration's conduct in this case has been ethically and legally correct."

Mr. Dingell, when asked specifically if he agreed with that statement, declined to go so far. "Many people in the Administration were found to be truthful," he said.

The 50-page report, assembled by the

committee staff, includes excerpts of testimony by Mr. Deaver and by Fred F. Fielding, the former White House counsel; various letters and memos, and a review of interviews with Administration officials and others contacted by Mr. Deaver or others in his Washington firm, Michael K. Deaver & Associates.

The most widely discussed accusations against Mr. Deaver have concerned the Ethics in Government Act, which restricts the activities of former high Government officials. Among other allegations, Mr. Deaver has been accused of improperly lobbying for Canada on the issue of acid rain. But when Mr. Seymour was appointed by a Federal court, he was also charged with investigating "any related matters and other allegations or evidence of violation of any Federal law."

The ethics act carries a maximum penalty of a \$10,000 fine and two years in jail. Federal perjury carries a maximum penalty of a \$10,000 fine and five years in jail. Obstruction of justice carries a maximum penalty of a \$5,000 fine and five years in jail.

Mr. Seymour had no comment on the committee's move today, according to his office in New York.

Contact With Envoys

The report is very detailed, with long chronologies of Mr. Deaver's dealings on the matters examined.

It said that when Mr. Deaver was asked to specify any American ambassadors with whom he discussed his business dealings, he failed to disclose contacts with Richard R. Burt, the envoy to West Germany, and Mike Mansfield, who represents the United States in Tokyo.

The report said that Mr. Deaver asked Mr. Mansfield for embassy assistance in getting Japan to give tax abatements to Japanese companies investing in Puerto Rico, which had hired him as a lobbyist.

It said that Mr. Burt had assisted Mr. Deaver in arranging a meeting with West Berlin officials concerning plans for the celebration of the city's 750th anniversary. The lobbyist was proposing to market the 1987 gala in the United States. Under a section headed "criminal intent," the report says Mr. Deaver "knowingly and willfully" failed to disclose his contacts with Mr.

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Burt.

Regarding Rockwell, Mr. Deaver said he told his client that he was going to meet with James C. Miller 3d, the budget director, on Feb. 27 of this year, and that he reported back to the company, the report said. But the subcommittee staff said Rockwell disputed Mr. Deaver's statements. In addition, Mr. Deaver told the subcommittee that his staff prepared a list of questions that he sent to Mr. Miller about the B-1 bomber on Feb. 28, when Rockwell said the questions were prepared by the company. Rockwell said Mr. Deaver had requested the detailed questions and needed them quickly and that Rockwell had told Mr. Deaver not to give them to anyone outside the lobbyist's office.

Warning on Impropriety

Regarding a call to Robert C. McFarlane, who was then the national security adviser, the report says that Mr. Deaver was specifically advised beforehand by Mr. Fielding, the White House counsel, that a meeting with Mr. McFarlane was improper. The call was about Section 936 of the Internal Revenue Service Code, involving continuing tax credits for Puerto Rico. Mr. Deaver had told the committee that he had never discussed any issue on behalf of his clients with any individual in the office of the President, according to testimony in the report. The National Security Council is part of the Executive Office of the President.

The report also details various other efforts by Mr. Deaver on behalf of his business contacts, including attempting to find out from the National Security Council last Oct. 1 if Kim Kihwan, a Korean trade official, was able to get a meeting with President Reagan. The New York Times reported on Monday that some State Department officials said Mr. Deaver played a key role in arranging the meeting, although the current White House counsel, Peter J. Wallison, said he could find no evidence that Mr. Deaver played a role. At the time the lobbyist was representing an agency financed by the South Korean Government.

House Panel Votes 17-0 For Deaver Perjury Probe

By Howard Kurtz
Washington Post Staff Writer

A House subcommittee voted unanimously yesterday to urge the independent counsel investigating former White House aide Michael K. Deaver to examine allegations of "perjury, false statements and obstruction of a congressional investigation" stemming from Deaver's sworn testimony before the panel in May.

A memorandum from subcommittee Chairman John D. Dingell (D-Mich.) charges that Deaver "knowingly and willfully testified falsely" in failing to tell the panel of his contacts as a lobbyist with former White House national security affairs adviser Robert C. McFarlane, U.S. Ambassador to West Germany Richard R. Burt and U.S. Ambassador to Japan Mike Mansfield.

The 17-to-0 vote in the Energy and Commerce subcommittee on oversight and investigations was the first official sign that the conduct of President Reagan's longtime confidant and former White House deputy chief of staff has become an issue of bipartisan concern.

Deaver telephoned McFarlane last summer as part of a lobbying effort to retain federal tax breaks for Puerto Rico, according to McFarlane's testimony. A subcommittee staff memo says that Deaver, apparently "with an intent to deceive," did not disclose the call when asked under oath whether he had contacted anyone in the Office of the President.

The 44-page staff memo also cites testimony from former White House counsel Fred F. Fielding that after the Deaver phone call, he warned Deaver and McFarlane that it would be improper for them to meet because of Deaver's status as a recent White House official.

Deaver "may have made other contacts with White House officials which he failed to disclose during his testimony," including the discussion with Fielding, the memo says.

Randall J. Turk, an attorney for Deaver, said yesterday, "We are confident that after a full and impartial investigation, Mr. Deaver will be cleared of any wrongdoing, including the suggestion today that he may possibly have committed perjury."

Turk said that "some of the subcommittee's members, and its staff, have now spent three months trying desperately to find a 'possible perjury' charge They did this because they could find no substantive

violation of criminal law. Flyspecking 5½ hours of testimony in a . . . memo does not support a perjury charge."

Turk added that it would have been "pointless" and "impossible" for Deaver to try to conceal his contacts with Burt and Mansfield.

In all but one instance, the panel's perjury allegations are based on omissions in Deaver's answers about his contacts with administration officials, rather than on the accuracy of statements he made.

Ranking subcommittee Republican Rep. Norman F. Lent (N.Y.), reading a statement signed by the panel's five other Republicans, said that Deaver "failed to provide full and accurate information on matters which were material to the subcommittee's investigation."

"Mr. Deaver's lack of candor in no way reflects on those in the administration with whom he had contact," Lent said. "We are satisfied that the Reagan administration's conduct in this case has been ethically and legally correct."

Lent added in an interview, "I think the president is prudent enough to stay away from any kind of vote of confidence in Mr. Deaver until all the facts are in."

Asked about Deaver yesterday in Springfield, Ill., Reagan said, "I've always said I have full confidence in him."

Dingell said, in announcing the vote, that "we are not a grand jury." But he said the panel had found "sufficiently serious conflicts" in Deaver's testimony to refer the matter to Whitney North Seymour Jr., the court-appointed independent counsel who has been examining whether Deaver violated conflict-of-interest laws after leaving the White House in May 1985 to become a lobbyist.

In his closed-door appearance May 16, Deaver cited South Korea, Singapore and India when asked to name the countries in which he had contacts with the U.S. ambassador. Asked if he had discussions with

other ambassadors, Deaver said "no."

The panel's memo charges that Deaver intentionally failed to disclose that he had met with Ambassador Mansfield in Japan last Jan. 20, a meeting that was confirmed to the panel by the State Department. Mansfield also accompanied Deaver at a meeting with Japanese Prime Minister Yasuhiro Nakasone, the panel said.

Deaver's contacts with Mansfield began in December 1985, when he sent Mansfield a letter from the governor of Puerto Rico, who was seeking an agreement under which Japan would grant tax benefits to Japanese companies that invested in Puerto Rico.

"I look forward to discussing this with you further when I visit Tokyo next month," Deaver wrote Mansfield, who confirmed the planned meeting.

The State Department later told both Mansfield and Deaver that it opposes the tax-benefit proposal on the grounds that Puerto Rico, as a

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U.S. commonwealth, should not negotiate its own international agreements. The panel said it would have been "particularly embarrassing" for Deaver, who had said he would not lobby against administration policy, to acknowledge that he continued to pursue the proposal.

The subcommittee also said Deaver intentionally failed to disclose his contacts with Ambassador Burt. It said that Deaver's lawyers had been told before the May hearing that he would be questioned about his contacts with U.S. ambassadors.

Based on testimony from Burt and other witnesses, the panel said that Burt had called Deaver and invited him to seek a contract to publicize the city of Berlin's 750th anniversary.

The panel said Deaver stayed at the ambassadorial residence in West Germany; that his airfare and that of an aide were reimbursed by the U.S. Embassy; that the embassy arranged a meeting between Deaver and Berlin officials; that Deaver had discussed his contract proposal with Burt, and that the embassy passed it on to Berlin officials.

The panel said Deaver's testimony "may have been influenced" by the fact that he helped select Burt for the diplomatic post as a member of a small White House group on ambassadorial appointments. It added that Deaver had helped arrange a job as Nancy Reagan's social secretary for Gahl Hodges, who later became Burt's wife and also aided Deaver on the Berlin proposal.

"Had Mr. Deaver testified truthfully regarding his contacts with Ambassador Burt, he would have acknowledged a possible attempt to use his influence and relationship with the ambassador to his financial benefit," the memo says. Burt has said he provided similar assistance to competing U.S. firms.

In his testimony, Deaver described two contacts with officials in the White House. One was a meeting with budget director James C. Miller III; the other involved a Deaver aide and a National Security Council staff member.

Deaver was asked: "Have you ever met or discussed with any individual within the Office of the President or the Office of Policy

Development any issues on behalf of your clients?" He replied, "No, sir," adding: "I didn't ever talk to anybody in the West Wing of the White House."

The panel said Deaver failed to reveal his call to McFarlane about Puerto Rican tax breaks on behalf of a brokerage firm with business on the island. Former White House counsel Fielding testified that McFarlane subsequently asked him whether it would be proper to meet with the lobbyist.

Fielding said he told McFarlane that such a meeting would be inappropriate and McFarlane agreed. Fielding said he repeated the warning to Deaver and William Sittmann, a vice president of Michael K. Deaver & Associates.

When he spoke to Deaver, Fielding testified, "Mr. Deaver was expressing, I guess, frustration, in that he wanted to meet—he had to meet with Mr. McFarlane . . . I just said simply he couldn't, it would not be appropriate for him to meet with him."

The panel said Deaver's account of his meeting last February with Miller, to urge further production of the B1 bomber, was false in several respects. Deaver testified that he told his client, Rockwell International, that he had met with Miller, but Rockwell officials said they were never informed of the meeting. Deaver also testified that his staff had prepared a one-page list of questions about the B1, which he sent to Miller, but Rockwell told the panel that the company had written it and had told Deaver not to give it to outsiders.

White House officials have argued there was no violation of conflict-of-interest laws because Miller's Office of Management and Budget is not technically part of the White House.

The independent counsel is also investigating whether Deaver violated conflict-of-interest laws by lobbying the administration on Canada's behalf about acid rain, an issue he had handled while in the White House. It is a criminal violation for a former federal official to lobby his former agency on any issue for one year after leaving government, or to lobby on any issue in which he was personally and substantially involved as a federal official.

Examples From Panel's Memo

Following are examples from a House subcommittee memorandum of allegedly false testimony by lobbyist Michael K. Deaver, the former White House aide.

■ Deaver failed to tell the subcommittee that he had telephoned then-White House national security affairs adviser Robert C. McFarlane last summer in an effort to retain tax breaks for Puerto Rico. Deaver also did not disclose that then-White House counsel Fred F. Fielding later warned him not to meet with McFarlane. Deaver had been asked to cite every instance in which he met with anyone from the Office of the President.

■ Deaver failed to tell the panel that U.S. Ambassador to West Germany Richard R. Burt had invited him to seek a public relations contract with the city of Berlin, put him up at the ambassadorial residence in February and set up a meeting for him with Berlin officials. Deaver had been asked to identify all countries in which he had met with the U.S. ambassador.

■ Deaver also did not disclose that he met with U.S. Ambassador to Japan Mike Mansfield in Tokyo last January, while lobbying for a plan under which Japan would grant tax breaks to companies investing in Puerto Rico.

■ Deaver testified that he told one of his clients, Rockwell International, that he had met with budget director James C. Miller III last February to discuss further production of Rockwell's B1 bomber. Rockwell officials told the subcommittee that Deaver never informed them of the meeting.

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NEWS IN BRIEF

Panel passes on evidence of alleged Deaver perjury

Washington

A House panel investigating Michael K. Deaver's lobbying business voted unanimously yesterday to refer evidence of possible perjury by the former presidential aide to an independent counsel.

The report from the House Energy and Commerce Committee found that Mr. Deaver "knowingly and willfully testified falsely regarding his contacts with US ambassadors and that his false testimony was material" to questions asked by the subcommittee during May 16 hearings, according to a memo by Rep. John Dingell (D) of Michigan, which accompanied the report.

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 The Christian Science Monitor p. 2 _____
 USA Today _____

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Excerpts of Report on Possible Perjury by Deaver

Special to The New York Times

WASHINGTON, Aug. 12 — Following are excerpts of a 50-page report by the staff of the House Energy and Commerce Subcommittee on Oversight and Investigations, regarding possible perjury by Michael K. Deaver, the former White House deputy chief of staff, in testimony before the subcommittee on May 16, 1986.

Introduction

The purpose of this memorandum is to advise the subcommittee of facts that support a conclusion that in his testimony before the subcommittee, Mr. Deaver may have violated Sec. 1621 of Title 18 of the U.S. Code regarding perjury, and as a consequence may have also violated Sec. 1001 and 1505 regarding false statements and obstruction of a Congressional investigation, and that these matters may be appropriate for referral by the subcommittee to the independent counsel.

Falsity of Testimony

The subcommittee has established through its investigation that Mr. Deaver's testimony regarding contacts with the Executive Office of the President, specifically with respect to Robert C. McFarlane, was false.

In an interview conducted on June 19, 1986, Mr. McFarlane advised the subcommittee staff that Mr. Deaver had telephoned him in July or August of 1985. After social conversation, including discussion of "life in the West Wing," Mr. Deaver raised the issue of Sec. 936 and the Puerto Rican tax credit. At the end of the conversation, Mr. Deaver suggested getting together.

Criminal Intent

We have concluded on the basis of the subcommittee's investigation that Mr. Deaver knowingly and willfully failed to disclose his contact on behalf of Puerto Rico with Mr. McFarlane during the summer of 1985 regarding the Administration's proposal to modify the tax credit available under Sec. 936 of the I.R.S. Code.

Mr. Fred Fielding, former counsel to the President, provided testimony before the subcommittee on June 10, 1986, which bears upon Mr. Deaver's intent. Mr. Fielding's testimony shows that Mr. Deaver, as well as his vice president, Mr. Sittmann, were advised of the impropriety of a contact with Mr. McFarlane on behalf of a client.

MR. McLAIN: Go ahead and explain the conversation.

He telephoned you, Mr. Fielding?

MR. FIELDING: I don't know if I called him or he called me. He was complaining because I had said that

he couldn't meet with McFarlane, Mr. McFarlane.

MR. McLAIN: Did that mean anything to you at the time?

MR. FIELDING: Yes. At the time it meant something to me, but I can't connect it up.

MR. McLAIN: So you at least had a conversation with Mr. Thompson prior to that?

MR. FIELDING: No. But I had at some point obviously said that such a meeting would not be appropriate because either someone had called Deaver or Deaver had called to follow up and request a meeting and was told and I obviously don't know what happened there.

MR. McLAIN: Why did you tell him it would not be appropriate?

MR. FIELDING: Because Mr. McFarlane was an assistant to the President.

While not discussed in detail, Mr. Deaver's failure to disclose his conversation with Mr. Fielding (described by Mr. Fielding) may represent another instance of false testimony. Mr. Fielding was counsel to the President and, as such, was in the Office of the President. When Mr. Deaver was asked specifically if he had contacts in the Office of the President, he responded "No."

It appears that Mr. Deaver's failure to disclose his contact with Mr. McFarlane and possibly with other White House personnel was done with an intent to deceive. This conclusion is buttressed by Mr. Deaver's unsolicited denial that he "didn't ever talk to anybody in the West Wing of the White House."

Deaver Testimony Re Contacts With Ambassadors

Prior to the subcommittee hearing on May 16, 1986, at which Michael K. Deaver appeared and testified, the subcommittee staff received information regarding Mr. Deaver's relationships with U.S. ambassadors. That information suggested that Mr. Deaver, while deputy chief of staff to the President, had a direct role in the selection and appointment of U.S. ambassadors and that, subsequent to his White House service, Mr. Deaver sought the assistance of certain United States ambassadors to enhance his personal financial interests.

Mr. Deaver was next examined regarding discussions which he may have had with United States ambassadors subsequent to his departure from the White House. During this testimony, Mr. Deaver failed to disclose significant contacts that he had with the U.S. Ambassador to Japan, Mike Mansfield, and with the U.S.

Ambassador to the Federal Republic of Germany, Richard Burt. The entirety of this discussion follows:

1. Falsity of Testimony Regarding Ambassador Mansfield

Following the subcommittee hearing, the staff received information indicating that Mr. Deaver's testimony may not have been truthful and accurate with regard to his contacts with United States Ambassador to Japan, Mike Mansfield. On June 2, 1986, the subcommittee obtained a copy of a Department of State cable from Secretary of State Shultz to the United States Embassy in Tokyo, Japan, on the subject of "Possible Japan/Puerto Rico Tax Sparing Agreement." This cable responds to a request of Ambassador Mansfield in Tokyo for guidance regarding the appropriateness of supporting Puerto Rico's efforts on behalf of a tax sparing agreement with Japan. The cable mentions the role of Michael K. Deaver and Associates in this matter and refers to a letter from Mr. Deaver on the subject.

Those documents reflect the following facts. By letter of December 19, 1985, Mr. Deaver transmitted to United States Ambassador Mansfield, a letter from the Governor of Puerto Rico to Mr. Mansfield seeking the Ambassador's support for the tax sparing agreement.

Criminal Intent

We conclude on the basis of the subcommittee's investigation that Mr. Deaver knowingly and willfully failed

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The Christian Science Monitor _____
USA Today _____

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to disclose his contacts with Ambassador Mansfield.

2. Falsity of Testimony Regarding Ambassador Burt

2. Falsity of Testimony Regarding Ambassador Burt

We conclude on the basis of the subcommittee's investigation that Mr. Deaver knowingly and willfully failed to disclose his contacts with Ambassador Burt.

The following facts set forth in the chronology demonstrate the assistance provided to Mr. Deaver by Ambassador Burt:

¶ Ambassador Burt called Mr. Deaver and asked him to come to Berlin regarding the forthcoming 750th Berlin birthday celebration.

¶ Messrs. Deaver and Sittmann visited Berlin, stayed at the Ambassador's residence in that city, and their air fares were reimbursed through the embassy.

¶ As a result of an embassy-arranged meeting with West Berlin officials, Mr. Deaver was requested to prepare a proposal covering both a gala celebration and the marketing of it in the United States.

¶ The Deaver proposal was transmitted to the West Berlin officials through Mrs. Burt and embassy personnel.

¶ An embassy official attempted to arrange a meeting between Mr. Deaver and the Mayor of Berlin pursuant to Sittmann's request.

¶ Mr. Deaver discussed with Ambassador and Mrs. Burt the prospects for his proposal.

¶ Mr. Sittmann stayed in the Ambassador's residence a second time when he went back to Berlin to discuss the proposal.

Despite these recent contacts with Ambassador and Mrs. Burt (the latest less than two months prior to his testimony), Mr. Deaver failed to disclose them even though he was closely questioned on any and all contacts with U.S. Ambassadors subsequent to leaving the White House.

The repeated contacts and attempted contacts of the Burts by Mr. Deaver and Mr. Sittmann, subsequent to Mr. Deaver's appearance before the subcommittee on May 16, 1986, evidence an appreciation on the part of Mr. Deaver and his counsel for the significance of his testimony failing to acknowledge his prior contacts with the Ambassador.

Falsity of Testimony

The subcommittee's investigation, including an interview conducted on Aug. 6, 1986, with officials of Rockwell International Corporation, leads the staff to conclude that Mr. Deaver's testimony regarding his representation of Rockwell International Corporation was false in several respects.

To the question, "Did you discuss your meeting with O.M.B. Director Miller with Rockwell in advance?", Mr. Deaver responded, "I told them that I was going to call on Mr. Miller, yes." To the question, "And did you

report back to them following that meeting?", Mr. Deaver responded, "Yes, sir." Rockwell International Corporation officials told the subcommittee staff that the first they learned of any meeting between Mr. Deaver and Mr. Miller was when it was reported in the press some weeks later.

Following press accounts and subsequent inquiries from the independent counsel, Rockwell International Corporation undertook an extensive internal investigation regarding corporate knowledge of Mr. Deaver's activities allegedly carried out on their behalf. Rockwell informed the subcommittee staff that there were no discussions between Mr. Deaver and any official of Rockwell International Corporation since Mr. Deaver was retained in August 1985, at which the possibility was raised of a meeting or discussion between Mr. Deaver and O.M.B. Director Miller. According to Rockwell officials, Mr. Deaver never advised Rockwell that he intended to meet with Mr. Miller or that he had met with him. Rockwell officials further advised that they had never requested that Mr. Deaver meet with Mr. Miller.

Mr. Deaver was also questioned regarding the preparation of the questions which he transmitted to Mr. Miller on Feb. 28, 1986. Mr. Deaver testified that the questions were prepared by his staff; that they were a "pretty good staff;" and that they may have had some assistance from Rockwell, but that the questions were prepared and typed in his office.

Rockwell International Corporation officials advised the Subcommittee staff that some time shortly after Feb. 14, 1986, Mr. Doug Elmets of Michael K. Deaver and Associates called Rockwell and talked with Mr. Dan Kennedy. Mr. Elmets told Mr. Kennedy that Mr. Deaver wanted some notes or thoughts on the B-1 bomber for people who might have an interest in that subject. Mr. Elmets advised that he needed this information right away. Mr. Kennedy prepared a one-page list of sixteen questions relating to the B-1 bomber or its alternatives. These questions were transmitted to Mr. Elmets without cover letter. According to the Rockwell officials, Mr. Kennedy made clear to Mr. Elmets that these questions were not to be given to anyone outside Mr. Deaver's office.

A copy of the questions prepared by Mr. Kennedy and transmitted to Mr. Elmets, together with Rockwell's transmittal letter to the subcommittee, are attached as Exhibit 3. The list prepared by Rockwell and transmitted to Mr. Deaver and the list provided by Mr. Deaver to Mr. Miller appear to be identical. Therefore, the truthfulness of Mr. Deaver's testimony regarding who prepared these questions and where they were prepared must be questioned.

Falsity of Testimony

EXHIBIT 1
THE WHITE HOUSE
WASHINGTON
June 4, 1985

MEMORANDUM FOR THE FILE
FROM: FRED F. FIELDING

I asked Bill Sittmann to come in to see me today. Although we have discussed (as recently as yesterday) the proscriptions and restrictions as to his and Mike Deaver's contacting White House people with regard to business, I have received reports today from several anxious people that they have been contacted about possible interviews with T.W.A. officials that may have emanated from Deaver Associates. I told Bill that under no circumstances could this go forward, that regardless of whether or not such contacts would technically violate the post-employment restrictions, that as a matter of appearance it would be improper.

Reply by Deaver's Lawyers To Charges by House Panel

Special to The New York Times

WASHINGTON, Aug. 12 — Following is a statement by Miller, Cassidy, Larroca & Lewin, the law firm of Michael K. Deaver, responding to charges today that the former White House deputy chief of staff may have committed perjury in testimony before the committee:

Mr. Deaver voluntarily, without subpoena, appeared before the Dingell subcommittee in May. During five and one-half hours of testimony, he answered every question put to him by the subcommittee concerning a broad time frame and a broad range of issues. Some of the subcommittee's members and its staff have now spent three months trying desperately to find a "possible perjury" charge, while simultaneously refusing to provide Mr. Deaver with a copy of the transcript of his testimony. They did this because they could find no substantive violation of a criminal law. Flyspecking five and one-half hours of testimony in a 42-page memo does not support a perjury charge.

The subcommittee staff's memo apparently deals with three areas of Mr. Deaver's testimony: His meeting with Jim Miller at O.M.B. on behalf of Rockwell; contacts he had with people in the White House on behalf of his clients; and discussions he had with U.S. Ambassadors assigned to foreign countries he represented, or in which he had clients.

As to the meeting with Jim Miller at O.M.B., we have testimony and documents that support Mr. Deaver's

testimony.

As to the claimed McFarlane telephone call, that is a matter that has previously been referred to Independent Counsel Whitney North Seymour, and our policy is to refrain from commenting on such matters.

The claim that Mr. Deaver failed to disclose meetings with Ambassadors Mansfield and Burt is specious. He testified concerning all ambassadors about whom he was questioned, and neither of these Ambassadors are stationed in countries that Mr. Deaver represents or in which he has clients. Concealing his contacts with Ambassador Mansfield or Ambassador Burt would have been pointless. First, there was no reason to do so; his contacts with neither Ambassador were improper in any way. Second, many people, including State Department officials, knew of the meetings, and it would obviously be impossible to hid that such meetings took place.

We are confident that after a full and impartial investigation, Mr. Deaver will be cleared of any wrongdoing, including the suggestion today that he may possibly have committed perjury.

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.: _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & _____
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

The Washington Post _____
The Washington Times _____
Daily News (New York) _____
The New York Times B7 _____
The Wall Street Journal _____
The Chicago Tribune _____
The Los Angeles Times _____
The Christian Science Monitor _____
USA Today _____

Date 8-13-86

Page 9 FBI/DOJ

PERJURY ALLEGATIONS

A House panel drops a dime on Deaver

■ While Michael Deaver stalked big game in Africa with a camera, members of Congress stalked him in Washington: A House subcommittee by unanimous vote accused the former White House aide and friend of Ronald Reagan's of perjury. The panel's senior Republican, Norman Lent of New York, said of Deaver's testimony on his lobbying: "The man was lying."

The 17-0 vote by the House Energy and Commerce Subcommittee on Oversight and Investigations on August 12 united both parties and made it clear that lawmakers did not want the probe to be seen as a matter of partisan politics. Said Representative Ron Wyden (D-Oreg.): "There is no Republican and no Democratic way to tell the truth."

President Reagan said he still had "full confidence" in his friend's integrity. And Deaver's lawyers predicted he would be cleared.

The next move belongs to special prosecutor Whitney Seymour, Jr., already probing possible conflict-of-interest violations stemming from Deaver's work for the Canadian government. The subcommittee vote gave Seymour three new issues to explore. As detailed in a 50-page report, they are:

- Did Deaver lie about a conversation he had last year with then National Security Adviser Robert McFarlane concerning tax breaks for Deaver's client, Puerto Rico?

- Did Deaver deliberately fail to disclose contacts with two U.S. ambassadors regarding business dealings for other potential clients?

- Did Deaver testify falsely about his talks with administration officials on behalf of cli-

ent Rockwell International, maker of the B-1 bomber?

Deaver's lawyers stressed that he was questioned in May by the subcommittee about many issues over a long time. "Flyspecking 5½ hours of testimony... does not support a perjury charge," they said in a statement.

Angry subcommittee members plainly felt otherwise, contending Deaver had lied "knowingly and willfully." In a rare move, the panel's six Republicans issued their own statement: "Many present and former administration officials have made a good-faith effort to be forthcoming. Mr. Deaver's testimony was the unfortunate exception to the rule."

From the wilds of Africa, Deaver minced no words in his reply: "There's a great similarity between the behavioral characteristics of the four-legged and two-legged hyena." ■

by Brian Duffy

U.S. News & World Report
P. 6

August 25, 1986

American Notes

LOBBYING

Coming Down On Deaver

Michael Deaver was on safari in Kenya last week. But back inside the Beltway in Washington, he was the hunted, not the hunter. In a rebuff to the former White House aide, a House panel voted 17 to 0 to recommend that the independent counsel investigating Deaver's lobbying activities examine charges that he committed perjury in his May testimony before the subcommittee.

The subcommittee alleged that Deaver "testified falsely" about using Administration contacts to help a number of clients. The panel charged that among the contacts Deaver failed to acknowledge were former White House National Security Adviser Robert C. McFarlane and Office of Management and Budget Director James Miller III. Under conflict-of-interest laws, Deaver, as a senior Executive Branch official, was prohibited for one year from lobbying the White House.

Time
P.29
August 25, 1986

1 3

AUGUST 25, 1986

UNCLAS

IMMEDIATE

DM FM DIRECTOR FBI

TO FBI LOS ANGELES (194C-238) (P) (WCC-4/SARA) (IMMEDIATE)

PERSONAL ATTENTION SAC

FBI SACRAMENTO (IMMEDIATE)

PERSONAL ATTENTION SAC

Deaver, Michael K

BT

UNCLAS

[REDACTED]

ET AL.; BFBE; HOBBS ACT - CPO; MF;

FBW. 00: LOS ANGELES.

RELATEL TO DIRECTOR DATED AUGUST 22, 1986, AND BUTEL TO ALL OFFICES DATED JUNE 13, 1986, ENTITLED "MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF INTEREST; 00: FBIHQ."

REFERENCED LOS ANGELES TELETYPE DATED AUGUST 22, 1986, ADVISES OF A "LOS ANGELES TIMES" NEWS ARTICLE DATED JULY 21, 1986, REGARDING ORANGE COUNTY SUPERVISOR BRUCE NESTANDE. THIS

WDA:DLT (7)

8/21/86

3853/6

[REDACTED]

1 - MR. OTTO
1 - MR. JAMAR

b6
b7C

1 - [REDACTED]
1 - [REDACTED]
1 - [REDACTED]
1 - [REDACTED]
1 - [REDACTED]

① - BUFILE 211-25

SEE NOTE PAGE 4.

211-25-

NOT RECORDED

JAN 5 1986

31

68 MAY 20 1987

ARTICLE INCLUDED INFORMATION THAT NESTANDE WAS CALLED BY MICHAEL K. DEEVER ON BEHALF OF DEEVER'S CLIENTS, SMITH, BARNEY, HARRIS, UPHAM, AND COMPANY. THIS CONTACT WAS POSSIBLY IN CONNECTION WITH SMITH/BARNEY'S ATTEMPTS TO RECEIVE A LUCRATIVE AIRPORT BOND UNDERWRITING CONTRACT FROM THE ORANGE COUNTY SUPERVISORS.

REFERENCED BUTEL OF JUNE 13, 1986, ADVISES THAT THE U. S. COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA ORDERED THAT THE INDEPENDENT COUNSEL SHALL HAVE JURISDICTION TO INVESTIGATE ANY RELATED MATTERS AND OTHER ALLEGATIONS OR EVIDENCE OF VIOLATION OF ANY FEDERAL CRIMINAL LAW BY MR. DEEVER DEVELOPED DURING THE INDEPENDENT COUNSEL'S INVESTIGATION. BASED ON THIS, LOS ANGELES IS INSTRUCTED NOT TO CONDUCT ANY INVESTIGATION RELATIVE TO THE ALLEGATIONS CONCERNING SMITH/BARNEY ATTEMPTING TO OBTAIN THE AIRPORT BOND UNDERWRITING CONTRACT AND SUBSEQUENT CONTACTS WITH MICHAEL DEEVER UNTIL THIS INFORMATION HAS BEEN PRESENTED TO THE INDEPENDENT COUNSEL, WHITNEY NORTH SEYMOUR, JR. LOS ANGELES IS TO ADVISE THE U. S. ATTORNEY'S OFFICE OF THE ABOVE FACTS RELATIVE TO THE INDEPENDENT COUNSEL AND SUGGEST THAT THEY SEEK ADVICE FROM INDEPENDENT COUNSEL

3

SEYMOUR BEFORE THEY PROCEED CONCERNING ANY DEEVER ISSUE.
LOS ANGELES IS TO IMMEDIATELY PROVIDE FBIHQ WITH A COPY OF THE
"LOS ANGELES TIMES" ARTICLE.

LOS ANGELES IS ALSO AWARE THAT THE SACRAMENTO DIVISION IS
CURRENTLY CONDUCTING A SENSITIVE GROUP I UNDERCOVER OPERATION
ENTITLED "BRISPEC," WHICH INVOLVES THE INTRODUCTION OF BOGUS
LEGISLATION INTO THE CALIFORNIA LEGISLATURE. ANY INVESTI-
GATIVE AND/OR PROSECUTIVE ACTIVITY RELATIVE TO THE CALIFORNIA
LEGISLATURE MAY HAVE AN EFFECT ON BRISPEC AS THIS CASE IS NOW
AT CRUCIAL STAGES. DUE TO THE EXTREMELY SENSITIVE NATURE OF
BRISPEC, LOS ANGELES IS INSTRUCTED TO CLOSELY COORDINATE ANY
AND ALL INVESTIGATIVE ACTIVITIES RELATIVE TO THE CALIFORNIA
LEGISLATURE (PAST AND PRESENT) WITH SACRAMENTO UNTIL FURTHER
NOTICE.

BT

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NOTE: LOS ANGELES ADVISES IN REFERENCED TELETYPE OF THE
INDICTMENT OF [REDACTED] IN
CONNECTION WITH THE MORIARTY INVESTIGATION. BECAUSE OF THE
CURRENT INVESTIGATIVE ACTIVITY IN BRISPEC, LOS ANGELES FBI AND
ASSISTANT U. S. ATTORNEY RICK DROOYAN PROMISED THAT THEY WOULD
NOT INDICT [REDACTED] WITHOUT FULL COORDINATION WITH SACRAMENTO.
THE INDICTMENT OF [REDACTED] WAS RETURNED WITHOUT ANY NOTIFICATION
TO SACRAMENTO.

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b7c

FORMS TEXT HAS 1 DOCUMENT

INBOX.29 (#4813)

TEXT:

SDO 0006 168 2312

PP HQ

DE SD

P 017 1840Z JUN 86

FM SAN DIEGO (211-NEW) (RUC)

TO DIRECTOR PRIORITY

BT

UNCLAS

MICHAEL K. DEAVER, ET AL.; EIGA CONFLICT OF INTEREST. OO: FBIHQ

REBUTEL TO ALL OFFICES JUNE 13, 1986.

REVIEW OF SAN DIEGO DIVISION INDICES (GENERAL, ELSUR, ISIS AND INFORMANT) REFLECTS ONLY ONE (1) REFERENCE TO MICHAEL K. DEAVER, THAT BEING HIS NAME APPEARING ON A LIST OF PERSONS SUBJECT TO THE ETHICS IN GOVERNMENT ACT OF 1978, CONTAINED IN AN AIRTEL FROM THE BUREAU TO ALL SAC'S, JUNE 27, 1983, CAPTIONED "ETHICS IN GOVERNMENT ACT 1978".

REFERENCED TELETYPE DISSEMINATED TO ALL SAN DIEGO EMPLOYEES JUNE 16, 1986, AS INSTRUCTED.

BT

JAN 16 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.36 (#4820)

TEXT:

SIO0003

PP HQ

DE SI

P 172321Z JUN 86

FM SPRINGFIELD (211-2)(RUC).

TO DIRECTOR PRIORITY

BT

b6
b7C

UNCLAS

ATTENTION: SUPERVISOR [REDACTED] PUBLIC CORRUPTION UNIT,

CRIMINAL INVESTIGATIVE DIVISION, ROOM 3849 (HAND CARRY).

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND

ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978

(EIGA) - CONFLICT OF INTEREST. OO: FBIHQ

RE BUREAU TELETYPE TO ALL FIELD OFFICES, JUNE 13, 1986.

ON JUNE 16, 1986, A REVIEW OF SPRINGFIELD INDICES REFLECTED
NO IDENTIFIABLE REFERENCES REGARDING SUBJECT EXCEPT THOSE WHICH
LIST SUBJECT IN ACCORDANCE WITH CURRENT POLICY AND PROCEDURES
AS SET FORTH IN BUREAU AIRTEL TO ALL SACS, MAY 21, 1986,
CAPTIONED "EIGA."

BT

JAN 16 1986

✓
FORMS.TEXT HAS 1 DOCUMENT

INBOX.13 (#5869)

TEXT:

CCO 9614 189 1836

OO HQ

DE CG

C 18 1635Z JUN86

FM CHICAGO (211 RL 1) (RUC) (SQ 7A)

TO DIRECTOR IMMEDIATE

BT

b6
b7C

UNCLAS

ATTENTION: SSA [REDACTED] PUBLIC CORRUPTION

UNIT, WHITE COLLAR CRIMES SECTION, ROOM 3849, FBIHQ

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF

AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT

ACT OF 1978 (EICA)-CONFLICT OF INTEREST CO: FBIHQ

b6
b7C

RE BUREAU TELETYPE TO ALL FBI FIELD OFFICES DATED
JUNE 13, 1986.

ON JUNE 16, 1986, CHICAGO GENERAL, CONFIDENTIAL
AND ELSUR INDICES WERE SEARCHED FOR THE ABOVE CAPTIONED
INDIVIDUAL WITH NEGATIVE RESULTS. ISIS AND OCIS WERE
ALSO SEARCHED ON THE SAME DATE WITH NEGATIVE RESULTS.

BT

JUN 16 1986

FORMS TEXT HAS 1 DOCUMENT

INBOX.7 (#4790)

TEXT:

MMO 0020 168 2225

PP HQ

DE MM

P 17 2225

FM MIAMI (211-R-1) (RUC)

TO DIRECTOR, FBI PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST; OO: FBIHQ.

RE BUREAU TELETYPE TO MIAMI, DATED JUNE 16, 1986.

ON JUNE 17, 1986, THE FOLLOWING MIAMI OFFICE RECORDS WERE
CHECKED WITH NEGATIVE RESULTS REGARDING DEEVER EXCEPT AS FOLLOWS:

GENERAL OFFICE INDICES WERE CHECKED BY CLERK [REDACTED]

ELSUR INDICES WERE CHECKED BY CLERK [REDACTED]

CONFIDENTIAL INDICES WERE CHECKED BY CLERK [REDACTED]

MIAMI FILE 211-0-3 REFLECTS BUREAU AIRTEL TO ALL SACS DATED
OCTOBER 29, 1984. ENCLOSED WITH THIS AIRTEL WAS A LIST OF THOSE
PERSONS SUBJECT TO THE INDEPENDENT COUNSEL PROVISIONS OF THE ETHICS
IN GOVERNMENT ACT OF 1978, WHICH LIST REFLECTED ON PAGE 2 MICHAEL K.

JAN 16 1986

AR

PAGE TWO MM 211-R-1 UNCLAS

DEAVER, DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT.

NO COPIES BEING FORWARDED TO FBIHQ.

ALL INVESTIGATION COMPLETED AT MIAMI.

BT

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.33 (#4817)

TEXT: AX0004 172300Z

PP HQ

DE AX

P 170011Z JUN 86

FM ALEXANDRIA (211-4) (RUC)

TO DIRECTOR PRIORITY

BT

UNCLAS

ATTENTION PUBLIC CORRUPTION UNIT, CRIMINAL INVESTIGATIVE DIVISION

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT

TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -

CONFLICT OF INTEREST; OO:FBIHQ

RE BUREAU TELETYPE TO ALL FIELD OFFICES DATED JUNE 13, 1986.

SEARCH OF THE INDICES OF THE ALEXANDRIA DIVISION RESULTED
IN ONLY ONE RECORD OF CAPTIONED SUBJECT: ALEXANDRIA MAIN FILE
161B-7590, A BACKGROUND INVESTIGATION OF DEEVER WHICH HAS
BEEN REPORTED IN ITS ENTIRETY TO FBIHQ.

BY MEMORANDUM DATED JUNE 16, 1986, ALL EMPLOYEES OF THE
ALEXANDRIA DIVISION HAVE BEEN ADVISED OF THE INSTRUCTIONS
CONTAINED IN REFERENCED BUREAU TELETYPE.

BT

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JAN 16 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.33 (#4875)

TEXT:

SVO0006 1690018

RR HQ1

DE SV

R 170018Z JUN 86

FM SAVANNAH (211-0)

TO DIRECTOR ROUTINE

BT

UNCLAS

ATTENTION: PUBLIC CORRUPTION UNIT, WHITE COLLAR CRIME SECTION, CID
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF INTEREST. OO FBIHQ.

REBUTEL JUNE 13, 1986.

A REVIEW OF SAVANNAH INDICES DISCLOSES THAT THE ONLY REFERENCE TO
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT,
RELATES TO THE INCLUSION OF HIS NAME ON THE LIST FURNISHED BY FBIHQ OF THOSE
GOVERNMENT OFFICIALS SUBJECT TO THE ETHICS IN GOVERNMENT ACT OF 1978. SAVANNAH
INDICES CONTAIN NO OTHER REFERENCES TO MR. DEEVER.

BT

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JAN 16 1986

7-22

Please Furnish Complete Information

Agency submitting evidence FBIHQ	<input checked="" type="checkbox"/> FBI <input type="checkbox"/> Federal <input type="checkbox"/> Local or State	Date 9-28-86 60923001 D-QC
Delivered by	Accepted by SA 	BuFile # 211-25


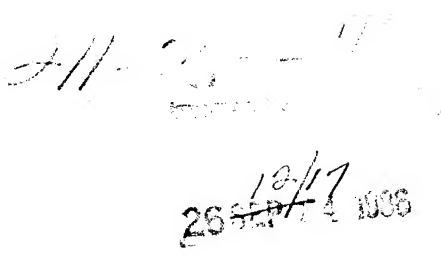
Suspect(s) Michael K. Deaver Former Deputy Chief of Stafford Assistant to the President; EIGA-COI V.D	Victim(s) b6 b7C
--	--

Offense	Place and date of offense
Agency case #	

Date of hearing, grand jury, trial, or reason why expeditious handling is necessary

Prev. exams this case <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Evid. located Room 3246	Report to be directed to
as to		Evidence to be returned to <input type="checkbox"/> Mailed Back <input type="checkbox"/> Picked Up by Contributor

Facts covering case

Description of evidence Q1 Month At A Glance calendar Q2 Week At A Glance calendar 	Exams requested  (This space for blocking)
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ORIGINAL
Copy & Specs Detached

DEX-ECG
ALS

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.36 (#4996)

TEXT;
LVO0001 1680538Z

OO HQ

DE LV

O 172300Z JUN 86

FM LAS VEGAS (211-4) (RUC0

TO DIRECTOR (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO:FBIHQ

RE DIRECTOR TELETYPE TO ALL FIELD OFFICES, JUNE 13, 1986.

LAS VEGAS OFFICE INDICES CONTAIN NO IDENTIFIABLE
INFORMATION REGARDING MICHAEL K. DEEVER.

BT

b6
b7C

211-25-72X84

JUL 1 1986

DEC 17 1986

BH0001 1681858

PP HQ

DE BH

P 171858Z JUN 86

FM BIRMINGHAM

TO DIRECTOR PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST. OO: FBIHQ.

RE BUREAU TELETYPE, DATED JUNE 13, 1986.

A REVIEW OF THE INDEX TO THE CENTRAL RECORDS SYSTEM OF
THE BIRMINGHAM DIVISION BY SA ON b6
JUNE 16, 1986, REVEALED NO GERMANE INFORMATION. b7C

BT

DEC 17 1986

OUTSIDE SOURCE

August 28, 1986

Whitney North Seymour, Jr., Esq.
Independent Counsel
U. S. Court House
Suite 5400
One Marshal Place
Washington, D.C. 20001

Michael K. Deaver, Former Deputy
Chief of Staff and Assistant to the President

Dear Mr. Seymour:

I am enclosing two copies of a news article which appeared in the New York Times on August 21, 1986. The article states that the United States Embassy in Bonn used West German funds, earmarked for the occupying powers of West Berlin, to pay the round-trip air fare between Washington, D.C. and Berlin for Michael K. Deaver and a business associate last February.

Please advise as to whether or not the information in the enclosed article is within the scope of your investigation.

Please advise if I can be of further assistance.

Sincerely,

John E. Otto
Executive Assistant Director
Law Enforcement Services

Enclosures (2)

- 1 - Mr. Otto
- 1 - Mr. Revell
- 1 - [Redacted]
- 1 - [Redacted]

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b7C

(SEE NOTE PAGE 2)

Exec AD Adm. [Redacted] (6)

Exec AD Inv. [Redacted]

Exec AD LES [Redacted]

Asst. Dir.:

Adm. Servs. [Redacted]

Crim. Inv. [Redacted]

Ident. [Redacted]

Insp. [Redacted]

Intell. [Redacted]

Lab. [Redacted]

Legal Coun. [Redacted]

Off. Cong. & Public Affs. [Redacted]

Rec. Mgnt. [Redacted]

Tech. Servs. [Redacted]

Training [Redacted]

Telephone Rm. [Redacted]

Director's Sec'y [Redacted]

DEC 1 1986 MAIL ROOM

HAND Delivered
by SA [Redacted] 8/28/86 WDB

[Redacted]

2000 10 1986

21X

NOTE: The attached article is being forwarded to the Independent Counsel (IC) for a determination as to whether it is within the scope of his investigation of Michael K. Deaver. If the IC determines that it is not within the scope of his investigation it will be discussed with the Public Integrity Section, Department of Justice, to determine whether there is any other Federal prosecution interest.

Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.: _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & _____
 Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

German Funds Were Used to Pay Deaver Air Fare

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, Aug. 20 — The United States Embassy in Bonn used West German funds, earmarked for the occupying powers in West Berlin, to pay the round-trip air fare between Washington and Berlin for Michael K. Deaver and a business associate last February, Charles Redman, a State Department spokesman, said today.

A West German press attaché said that the Berlin Occupation Budget was earmarked for specific items that precluded payment of air fare for Mr. Deaver and the associate, William Sittman. Mr. Deaver repaid the \$3,956 last June, Mr. Redman said.

Randall J. Turk, Mr. Deaver's attorney, said the lobbyist was unaware that the embassy had paid the fares and "would never have received the money had he known about it." Mr. Turk said Mr. Deaver had repaid the money "to remove any suggestion that there was anything improper."

The questions raised concerning the legality and propriety of the use of the West German funds are the latest to emerge in public scrutiny of Mr. Deaver's lobbying activities since leaving the Government in May 1985. A network of friends acquired while he was in the Government has helped him to recruit and serve his lobbying clients.

Lobbying Being Investigated

Mr. Deaver, the former White House deputy chief of staff, is a close friend of President Reagan and his wife, Nancy. His lobbying is being investigated by a court-appointed independent counsel and by a Congressional subcommittee, which last week voted 17 to 0 to adopt a staff report alleging that Mr. Deaver might have committed perjury.

Richard R. Burt, the United States Ambassador to West Germany, who with his wife invited Mr. Deaver to Berlin in February, when Mr. Deaver stayed at the Ambassador's residence,

expressed qualms last June about the legality of the payment, according to a report by the staff of the investigations subcommittee of the House Energy and Commerce Committee.

At that time, Mr. Burt raised questions about the payment in a conversation with John C. Kornblum, United States chief of mission in West Berlin, the report said. "Ambassador Burt called Kornblum in Berlin and inquired about the legality of the payment of the air fare and possible reimbursement," the report said. "Mr. Kornblum assured him it was legal and that there could be reimbursement."

However, Peter Mende, a press attaché in the West German Embassy here, said that the \$400 million West Germany provides annually for the Berlin Occupation Budget was earmarked for specific purchases, such as local labor and transportation of goods, that precluded the payment of air fare for a private consultant.

"I don't see any possibility that, with our knowledge, anybody could have paid him," Mr. Mende said.

Discretion in Use of Funds

Mr. Redman said, however, that the allied forces enjoyed wide discretion in their use of the Berlin Occupation Budget. "The air fare was paid for from funds available for the costs associated with the U.S. role in Berlin, the Berlin occupation," he said.

A State Department official who declined to be identified said that it would have been "unthinkable" to put Mr. Deaver's air fare on the regular State Department budget because it could not have withstood the scrutiny of the agency's auditors. On the other hand, the Berlin Occupation Budget receives no such scrutiny, said the official, who is an expert on Germany.

Mr. Burt did not return telephone messages left in both Bonn and Berlin. Peter Samson, a press aide to Mr. Burt in Berlin, where the Ambassador was

visiting, said: "Since it's become a legal issue, we're not going to comment on any of the details. Let the courts take care of it."

The Ambassador said last June that he and his wife, Gahl, who had been hired by Mr. Deaver as Mrs. Reagan's social secretary, had invited Mr. Deaver to Berlin to seek a contract to publicize next year's 750th anniversary of the founding of Berlin.

However, Mr. Deaver later told the Congressional committee that the Burts had invited Mr. Deaver to Berlin "to provide advice and assistance on how to organize a gala."

Proposal to Berliners

In fact, Mr. Deaver made a contract proposal to the Berliners later that month. Mrs. Burt asked the Deaver firm to send the proposal to her, and when it arrived it was hand-carried to the Berliners by Thomas Windmiller, Mr. Burt's assistant, the report said.

Mr. Redman said Mr. Deaver's expertise in public relations had led to the invitation and the payment of the air fare. "Based on Mr. Deaver's experience in organizing the inaugural ball and similar events, he was requested to come to Berlin to advise U.S. officials in Germany and the organizers of West Berlin's 750th anniversary events as to plans for the U.S. role in that celebration," he said.

The embassy did not pay for the air fares of any other business executives seeking the public relations contract, he added. The Berliners have made no decision on proposals for the anniversary, according to embassy officials.

b6
b7C

Any Bureau interest in this situation?

The Washington Post _____
 The Washington Times _____
 Daily News (New York) _____
 The New York Times B24
 The Wall Street Journal _____
 The Chicago Tribune _____
 The Los Angeles Times _____
 The Christian Science Monitor _____
 USA Today _____

Date 8-21-86

Page 17 FBI/DOJ

OUTSIDE SOURCE

September 26, 1986

Whitney North Seymour, Jr., Esq.
Independent Counsel
U. S. Court House
Suite 6400
One Marshall Place
Washington, D.C. 20001

Michael P. Donohue, former Deputy
Chief of Staff and Assistant to the
President
But file # 211-25

Dear Mr. Seymour:

This communication serves to confirm receipt of your letter dated September 24, 1986, which requested that the FBI Laboratory conduct certain examinations of documents you furnished our Laboratory on September 23, 1986.

b6
b7C

The requested examination is being handled by [redacted] Unit Chief, Document Operations and Research Unit, and coordinated with John S. Giaguinto, Section Chief, Document Section. Unit Chief [redacted] will personally keep you apprised of the progress and results of the examination.

Please advise if I can be of further assistance to you on this or any other matter.

Sincerely,

John E. Otto
Executive Assistant Director
Law Enforcement Services

1 - Mr. Otto

1 - [redacted]

1 - [redacted]

b6
b7C

MRF:daJ (4)

(SEE NOTE PAGE 2)

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:

Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM []

DEC 14 1986

b6
b7C

NOTE: By letter dated 9/24/86, Independent Counsel Whitney North Seymour, Jr., requested the FBI Laboratory to conduct examination of documents obtained in the investigation of Michael K. Deaver.

The lab examination is being personally handled by Unit Chief [redacted] who is keeping EAD John E. Otto and Mr. Seymour appraised of the progress and results of the examination.

b6
b7C

Federal Bureau of Investigation
Executive Assistant Director
Law Enforcement Services

9/4, 1986

✓ Director ^① (for information) Miss Devine
✓ Mr. Revell ^②
Mr. Glover
Mr. Baker
Mr. Bayse
✓ Mr. Clarke ^③ 11/14
Mr. Davis
Mr. Gast
Mr. Geer
Mr. McCreight
Mr. McKenzie
Mr. Sharp
Mr. Sheer
Mr. York

Mr. Prillaman
Mrs. Fitzsimmons
Miss Gainey
Mrs. Ray
Miss A. Southers
Miss Waldron

✓ For Approp. Action
For Your Approval
Initial & Return
Please Call Me

For Information
Per Conversation
See Comments (over)
Please See Me

b6
b7C

M

Room

Remarks:

*In view of the fine
line of distinction between the
Independent Council's investigation
of DeLoach and what the IC is
recommending we may wish to
do I recommend you please call
FBI/DOJ involve yourself in the handling
of these DeLoach
investigations.*

John E. Otto
Room 7110, Ext. 5555

German Funds Were Used to Pay Deaver Air Fare

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, Aug. 20 — The United States Embassy in Bonn used West German funds, earmarked for the occupying powers in West Berlin, to pay the round-trip air fare between Washington and Berlin for Michael K. Deaver and a business associate last February, Charles Redman, a State Department spokesman, said today.

A West German press attaché said that the Berlin Occupation Budget was earmarked for specific items that precluded payment of air fare for Mr. Deaver and the associate, William Sittman. Mr. Deaver repaid the \$3,956 last June, Mr. Redman said.

Randall J. Turk, Mr. Deaver's attorney, said the lobbyist was unaware that the embassy had paid the fares and "would never have received the money had he known about it." Mr. Turk said Mr. Deaver had repaid the money "to remove any suggestion that there was anything improper."

The questions raised concerning the legality and propriety of the use of the West German funds are the latest to emerge in public scrutiny of Mr. Deaver's lobbying activities since leaving the Government in May 1985. A network of friends acquired while he was in the Government has helped him to recruit and serve his lobbying clients.

Lobbying Being Investigated

Mr. Deaver, the former White House deputy chief of staff, is a close friend of President Reagan and his wife, Nancy. His lobbying is being investigated by a court-appointed independent counsel and by a Congressional subcommittee, which last week voted 17 to 0 to adopt a staff report alleging that Mr. Deaver might have committed perjury.

Richard R. Burt, the United States Ambassador to West Germany, who with his wife invited Mr. Deaver to Berlin in February, when Mr. Deaver stayed at the Ambassador's residence,

expressed qualms last June about the legality of the payment, according to a report by the staff of the investigations subcommittee of the House Energy and Commerce Committee.

At that time, Mr. Burt raised questions about the payment in a conversation with John C. Kornblum, United States chief of mission in West Berlin, the report said. "Ambassador Burt called Kornblum in Berlin and inquired about the legality of the payment of the air fare and possible reimbursement," the report said. "Mr. Kornblum assured him it was legal and that there could be reimbursement."

However, Peter Mende, a press attaché in the West German Embassy here, said that the \$400 million West Germany provides annually for the Berlin Occupation Budget was earmarked for specific purchases, such as local labor and transportation of goods, that precluded the payment of air fare for a private consultant.

"I don't see any possibility that, with our knowledge, anybody could have paid him," Mr. Mende said.

Discretion in Use of Funds

Mr. Redman said, however, that the allied forces enjoyed wide discretion in their use of the Berlin Occupation Budget. "The air fare was paid for from funds available for the costs associated with the U.S. role in Berlin, the Berlin occupation," he said.

A State Department official who declined to be identified said that it would have been "unthinkable" to put Mr. Deaver's air fare on the regular State Department budget because it could not have withstood the scrutiny of the agency's auditors. On the other hand, the Berlin Occupation Budget receives no such scrutiny, said the official, who is an expert on Germany.

Mr. Burt did not return telephone messages left in both Bonn and Berlin. Peter Samson, a press aide to Mr. Burt in Berlin, where the Ambassador was

visiting, said: "Since it's become a legal issue, we're not going to comment on any of the details. Let the courts take care of it."

The Ambassador said last June that he and his wife, Gahl, who had been hired by Mr. Deaver as Mrs. Reagan's social secretary, had invited Mr. Deaver to Berlin to seek a contract to publicize next year's 750th anniversary of the founding of Berlin.

However, Mr. Deaver later told the Congressional committee that the Burts had invited Mr. Deaver to Berlin "to provide advice and assistance on how to organize a gala."

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Mr. Redman said Mr. Deaver's expertise in public relations had led to the invitation and the payment of the air fare. "Based on Mr. Deaver's experience in organizing the inaugural ball and similar events, he was requested to come to Berlin to advise U.S. officials in Germany and the organizers of West Berlin's 750th anniversary events as to plans for the U.S. role in that celebration," he said.

The embassy did not pay for the air fares of any other business executives seeking the public relations contract, he added. The Berliners have made no decision on proposals for the anniversary, according to embassy officials.

340 (Rev. 6-8-81)

(Mount Clipping in Space Below)

Nestande Aided by Firm That Won Bond Pact

By JEFFREY A. PERLMAN,
Times Urban Affairs Writer

Three months before the Orange County Board of Supervisors awarded a lucrative airport bond underwriting contract to a prominent New York brokerage house, an official of the firm promised supervisor Bruce Nestande financial help in his campaign for secretary of state. Nestande and the official acknowledged this week.

Three months after the decision on the contract, which was preceded by lobbying by current and former White House advisers on behalf of rival firms, Nestande received more than \$13,000 from Smith Barney Harris Upham & Co., the brokerage house selected as the lead underwriter, and its corporate officers.

Nestande said he was offered campaign funds by former presidential adviser Steven Rhodes, now a Smith Barney vice president, before county supervisors awarded the firm the lead underwriting role in the sale of \$270 million in revenue bonds to finance expansion of John Wayne Airport. Rhodes is a longtime Nestande political associate and served in the White House as local government liaison during President Reagan's first term.

Later, Nestande was called by Michael K. Deaver, formerly Reagan's deputy chief of staff who now is a Washington-based lobbyist whose clients include Smith Barney. Deaver and Nestande were members of Reagan's Sacramento staff when Reagan was governor.

Nestande said none of these discussions influenced his own sup-

Please see NESTANDE, Page 28

(Indicate page, name of
newspaper, city and state.)

Date: 8/21/86
Newspaper: Los Angeles Times

Title: Nestande Aided by
Firm That Won Bond Pact

Character:
or
Classification: LA 194C-238
Submitting Office: SARA #2

Indexing:

211-25-
ENCLOSURE

NESTANDE: Funds Acknowledged

Continued from Page 1

port for Smith Barney and that he did nothing to sway his fellow supervisors.

An official of the state Fair Political Practices Commission said such contacts between a public official and a campaign contributor are not illegal unless the contributions are made in exchange for direct action on a specific issue.

Nestande and Smith Barney officials strongly denied any such exchange was involved.

ORANGE COUNTY

Deaver was unavailable for comment on the Orange County matter.

The former Reagan aide is under investigation for allegedly violating prohibitions against contacting government officials he once worked with on behalf of his business clients shortly after he left the White House last year.

Last week, Republicans and Democrats on a House subcommittee condemned Deaver and voted unanimously to refer evidence that he may have committed perjury to the independent counsel investigating Deaver's activities. The subcommittee charged that Deaver apparently lied during five hours of testimony to the panel last May.

A unit of Merrill Lynch & Co. previously had been chosen for the lead underwriting role, but more than three years of litigation by Newport Beach residents against airport expansion put the bond sale on hold. The matter of selecting underwriters was reopened after last year's out-of-court settlement with Newport Beach, and county staff members recommended that the Orange County supervisors choose between Merrill Lynch and Smith Barney.

In an 11th-hour bid to counter Smith Barney's lobbying effort, Merrill Lynch hired presidential political consultant Stu Spencer and speech writer Ken Khachigian, according to several county supervisors. The supervisors chose Merrill Lynch for the secondary role of

No Discussion on Vote

Although between \$500,000 and \$1 million in management fees and sales commissions were at stake in the \$270-million bond issue, there was almost no discussion when county supervisors voted unanimously for Smith Barney on March 6.

Nestande said in an interview this week that Rhodes offered to raise funds for his statewide campaign sometime in December or January.

"He came to me and said Smith Barney was the biggest contributor to [Mayor] Tom Bradley [a Democrat] in Los Angeles and that if I could stand that, he wanted to help raise money for me," Nestande, a Republican, recalled. "I said sure, but wait until this bond thing is settled because I didn't want the

fund raising to get mixed up in that."

Rhodes agreed, saying that "I've known Bruce Nestande for years, going back to when he was working for Ronald Reagan in Sacramento. . . . When I was in the White House, I used to call on him all the time, sometimes at the request of the President, to obtain his help in lobbying various congressmen on legislation of particular interest to the president. He always came through. So of course I wanted to help him financially. But also, I did not want to put him in an embarrassing position, so I waited until after Smith Barney was selected as the lead underwriter for the airport bonds. I organized a fund-raiser for him here [at Smith Barney's New York headquarters] and I asked the other fellows [Smith Barney executives] to contribute. They did."

Of the \$13,000 that Nestande reported receiving from Smith Barney in his most recent campaign disclosure statement, \$1,372 came from the firm and the rest from corporate officers.

Meanwhile, Nestande said that during a telephone conversation with Deaver about unrelated matters, Deaver reminded him that Rhodes, a mutual friend, was now working for Smith Barney. "I didn't even know that Smith Barney is one of Deaver's clients until you just mentioned it," Nestande told a Times reporter. "I told Mike [Deaver] that Rhodes and I had already talked several times, and that was the end of it."

Although Nestande said he didn't try to influence his fellow supervisors, Assemblyman Richard Robinson (D-Garden Grove), chairman of the Assembly Public Finance Committee, recalled that he had written a letter to the supervisors—at Nestande's request—urging them to open up the bidding process on the airport bonds and

not automatically rely on underwriting firms that had done business with the county previously. Robinson said Nestande never told him why he wanted the letter, but he concluded that anything promoting competitive bidding among underwriters would be good for the public interest.

But Nestande said he never asked Robinson to write any such letter and knew nothing about it.

"I don't know what you're talking about," Nestande said. "I've never seen that kind of letter. It's absurd. I wish I could convey to you the level of non-involvement I had in this thing."

Orange County Tax Collector-Treasurer Robert L. Citron recalled that he had argued that Merrill Lynch should get the lead underwriting role because of that firm's experience and because it

FORMER TEXAS DOCUMENT

INDEX 17 (#8830)

TEXT: 013027 171 30051

PP H2
DE CL

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FM FBI DALLAS (211-5)

TO DIRECTOR FBI PRIORITY

BT

UNCLAS

MICHAEL A. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1976 (EIGA) -
CONFLICT OF INTEREST; DO; FBIHQ.

REFERENCE BUREAU TEL TO AFG JUNE 18, 1986.

INFORMATION CONTAINED IN RETEL DISTRIBUTED TO ALL EMPLOYEES
OF THE DALLAS DIVISION, AND TO DATE NO INFORMATION HAS COME
FORTH. SHOULD ANY POSITIVE INFORMATION SURFACE AT A LATER DATE
SAME WILL BE IMMEDIATELY FURNISHED [REDACTED] FBIHQ.

BT

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JUL 11 1986

211-25-72X18

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b7C

6-11-86



FORMS TEXT HAS 1 DOCUMENT

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TEXT: VEC2CONY0132

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DE NY #0111 1711735

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FM FBI NEW YORK (211-7) (RUC) (C-12)

TO DIRECTOR FBI () IMMEDIATE

BT

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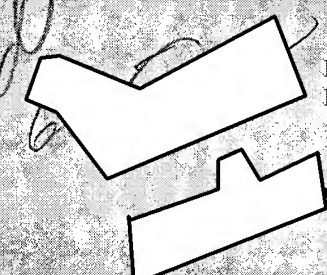
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MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ~~EFFECTS~~ IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST; OO: FEDERAL BUREAU OF INVESTIGATION HEAD QUARTERS (FBIHQ)

REURTEL TO ALL FBI FIELD OFFICES, DATED JUNE 13, 1986 AND
BUREAU AIRTEL TO ALL SAC'S, DATED MAY 21, 1986 CAPTIONED "EFFECTS IN
GOVERNMENT ACT OF 1978 (EIGA)" *211-25* *72X17*

SEARCH OF NEW YORK INDICES REVEALS ONE REFERENCE TO MICHAEL
KEITH DEEVER PERTAINING TO SPECIAL INQUIRY CONDUCTED ON FEBRUARY 23,
1981 BY THE NEW ROCHELLE R.A. OF THE NEW YORK OFFICE (NYO) (NEW YORK

Mr. Tolson	
Mr. DeLoach	
Mr. Mohr	
Mr. Bishop	
Mr. Casper	
Mr. Callahan	
Mr. Conrad	
Mr. Felt	
Mr. Gale	
Mr. Rosen	
Mr. Sullivan	
Mr. Tavel	
Mr. Trotter	
Tele. Room	
Mr. Holmes	
Miss Gandy	

File



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b7C

7 JUL 19 1986

PAGE TWO DE NY 0111 UNCLAS

FILE NUMBER 161B-8006) ENTITLED MICHAEL KEITH BEAVER, SPECIAL
INQUIRY; NO BUREAU FILE NUMBER KNOWN. ALL INFORMATION CONTAINED
THEREIN WAS SENT TO FBIHQ VIA PRIORITY TELETYPE IN FEBRUARY, 1981.
ABOVE IS THE ONLY REFERENCE TO MICHAEL KEITH BEAVER IN NEW YORK
INDICES.

SINCE NO FURTHER INVESTIGATION REMAINS IN NYC, THIS MATTER WILL
BE CONSIDERED RUC.

BT

#0111

NNNN

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O HQ

E MI

19 1910Z JUN 86

M MILWAUKEE (211-2) (RUC)

TO DIRECTOR IMMEDIATE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST, OO: FBIHQ

RE BUREAU TELETYPE TO ALL FIELD OFFICES, JUNE 13, 1986.

AS REQUESTED, FILE CLERK [REDACTED] CHECKED

b6
b7C

THE EL SUR INDICES AND IA [REDACTED] CHECKED THE GENERAL
INDICES OF THE MILWAUKEE OFFICE WITHOUT LOCATING ANY INFORMATION
REGARDING MICHAEL K. DEEVER.

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211-25-72X16

JUL 8 1986

DEC 14 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.23 (#5293)

TEXT:
BA0017 1692300Z

PP HQ

DE BA

P 182020Z JUN 86FM BALTIMORE (211-3)(SQ. 6)(RUC)

TO DIRECTOR, FBI (PRIORITY)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO; FBIHQ.

RE FBIHQ TELETYPE TO ALL FIELD OFFICES, JUNE 13, 1986.

BALTIMORE INDICES NEGATIVE RE PERTINENT INFORMATION SET
FORTH IN REFERENCED TELETYPE CONCERNING MICHAEL K. DEEVER.
LISTED ARE ACTUAL REFERENCES MADE TO MICHAEL K. DEEVER IN
BALTIMORE INDICES AS DERIVED FROM SEARCH OF THESE FILES.

BA 211-0-2 P. 3; BA 211-00-8; BA 211-00-16; EA 211-00-17;
BA 211-00-20; CONTROL FILE. A LIST OF PERSONS COVERED BY EIGA
FOR YEARS 1984; 1981; 1984; 1985, AND 1986, RESPECTIVELY.

BA 175-0-370; CONTROL FILE. NOTIFICATION OF PRESIDENTIAL
TRAVEL. VISIT OF MICHAEL K. DEEVER, JAMES BAKER AND

211-00-20

DEC 14 1986

PAGE TWO, BA 211-3, UNCLAS

EDWIN MEESE, III, TO CAMP DAVID, MARYLAND, FEBRUARY 4 - 5, 1982.

ACTING SAC, BALTIMORE, IS ENSURING THAT CONTENTS OF
REFERENCED TELETYPE ARE BEING DISSEMINATED TO ALL BALTIMORE
DIVISION EMPLOYEES.

INASMUCH AS NO FURTHER INVESTIGATION REQUESTED AT THIS
TIME, BALTIMORE IS CONSIDERING RUC.

BT

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.24 (#4779)

TEXT:

PDO0003 168 2345Z

PP HQ

DE PD

P 16 2345Z JUN 86

FM PORTLAND (211-3) (RUC)

TO DIRECTOR, FBI PRIORITY

BT

UNCLAS

①
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ

REBUTELETYPE, JUNE 13, 1986.

PORTLAND OFFICE INDICES CONTAIN NO INFORMATION REGARDING
MICHAEL K. DEEVER, EXCEPT FOR AIRTELS PREVIOUSLY SENT TO ALL
SAC'S REGARDING "ETHICS IN GOVERNMENT ACT OF 1978", IN WHICH
DEEVER'S NAME WAS INCLUDED.

BT

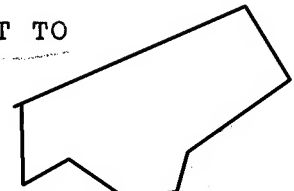
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7/11/86

Mr. Tolson	
Mr. DeLoach	
Mr. Mohr	
Mr. Bishop	
Mr. Casper	
Mr. Callahan	
Mr. Conrad	
Mr. Felt	
Mr. Gale	
Mr. Rosen	
Mr. Sullivan	
Mr. Tavel	
Mr. Trotter	
Tele. Room	
Mr. Holmes	
Miss Gandy	

11/11/86

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.2 (#5090)

TEXT:

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O 181830Z JUNE 86

FM HOUSTON (211-4) (P)

TO DIRECTOR IMMEDIATE

ATTN: PUBLIC CORRUPTION UNIT, CID

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT OF
INTEREST; OO: FBIHQ.

RE BUREAU TELETYPE TO ALL FIELD OFFICES DATED JUNE 13, 1986,
CAPTIONED AS ABOVE.

FOR THE INFORMATION OF FBIHQ, HOUSTON INDICES (GENERAL AND ELSUR) ARE
NEGATIVE CONCERNING MICHAEL K. DEEVER WITH THE EXCEPTION OF INFORMATION
PROVIDED BY FBIHQ VIA AIRTEL DATED MAY 21, 1986 CAPTIONED "ETHICS IN
GOVERNMENT ACT OF 1978".

BT

DEC 14 1986

AQ0005 1615Z

PP HQ

DE AQ

P 182100Z

JUN 86

FM ALBUQUERQUE (211-3) P

TO DIRECTOR, FBI PRIORITY

F

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ

RE BUTEL TO ALL OFFICES, JUNE 13, 1986.

SEARCH OF ALBUQUERQUE INDICES FAILED TO DEVELOP ANY
INFORMATION RE MICHAEL K. DEEVER.

F

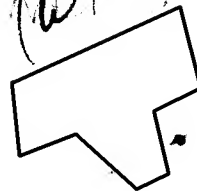
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P 181655Z JUN 86

FM MEMPHIS (211-00)

TO DIRECTRO PRIORITY

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UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST; OO: FBIHQ

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RE BUAIRTELS TO ALL SACS AND LEGATS DATED JULY 26, 1985, AND
MAY 21, 1986, CAPTIONED ETHICS IN GOVERNMENT ACT OF 1978; AND
BUTEL TO ALL OFFICES AND LEGATS DATED JUNE 13, 1986.

MEMPHIS INDICES CHECKED CONCERNING MICHAEL K. DEEVER WITH
NEGATIVE RESULTS WITH EXCEPTION OF THE LISTS ATTACHED TO EACH
REAIRTEL, LISTING THOSE PERSONS PRESENTLY SUBJECT TO INDEPENDENT
COUNSEL PROVISION OF EIGA, OF WHICH MR. DEEVER IS INCLUDED.

BT

DEC 14 1986

KC0002 1940

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PP HQ

DE KC

P 181916Z JUN 86

FM KANSAS CITY (211-4) (SQ 3)

TO DIRECTOR (PRIORITY)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA), CONFLICT OF
INTEREST, OO: FBIHQ.

RE BUREAU TELETYPE TO ALL FBI FIELD OFFICES, JUNE 13, 1986.

RE TELETYPE REQUESTED CHECK FIELD OFFICE INDICES RE MICHAEL K.
DEEVER. KANSAS CITY INDICES CONTAIN NO INFO RE DEEVER.

BT

DEC 14 1986

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Plan.	
Specs.	

FM CLEVELAND (66-5830) (RUC)

TO DIRECTOR IMMEDIATE

(HAND CARRY PUBLIC CORRUPTION UNIT, PERSONAL ATTENTION:

SUPERVISOR

b6
b7C

BT

UNCLAS

MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST; OO: FBIHQ

b6
b7C

REFERENCE BUREAU TELETYPE TO ALL OFFICES DATED JUNE 13, 1986.

A SEARCH OF CLEVELAND INDICES REFLECT THE FOLLOWING REFERENCES
FOR MICHAEL K. DEAVER:

211-00-5 - AIRTEL TO ALL SACS FROM DIRECTOR DATED JULY 22, 1981.
DEAVER'S NAME APPEARED ON REVIEWED LIST OF THOSE PERSONS PRESENTLY
SUBJECT TO THE SPECIAL PROSECUTOR PROVISION OF THE ETHICS IN
GOVERNMENT ACT OF 1978.

211-00-7 - AIRTEL TO ALL SACS FROM DIRECTOR DATED JULY 22, 1981.

211-33

CALLER
M Sity
BY at Time 11/14

DEC 14 1986

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DEAVER'S NAME APPEARED ON REVIEWED LIST OF THOSE PERSONS PRESENTLY SUBJECT TO THE INDEPENDENT COUNSEL PROVISION OF THE ETHICS IN GOVERNMENT ACT OF 1978.

66-5830-6 - AIRTEL TO ALL SACS FROM DIRECTOR, DATED MAY 21, 1986. DEAVER'S NAME APPEARED ON REVIEWED LIST OF THOSE PERSONS PRESENTLY SUBJECT TO THE INDEPENDENT COUNSEL PROVISION OF THE ETHICS IN GOVERNMENT ACT OF 1978.

202 G 24, UNKNOWN SUBJECT; IMPERSONATION OF U.S. PRESIDENTIAL ASSISTANT MICHAEL DEAVER, ALLEGING KNOWLEDGE OF CUBAN INTELLIGENCE ACTIVITIES AT SOHIO CORPORATION, CLEVELAND, OHIO, FCI - CUBA, OO: CLEVELAND

ON AUGUST 18, 1981, AN UNIDENTIFIED INDIVIDUAL PLACED A CALL TO THE CHAIRMAN OF THE BOARD OF SOHIO PETROLEUM CORPORATION AND IDENTIFIED HIMSELF AS MR. MICHAEL J. DEAVER OF THE WHITE HOUSE STAFF. THE BASIC THREAT OF THE CALL WAS THAT THE CALLER WISHED TO ADVISE THAT THE WIFE OF AN EMPLOYEE OF SOHIO IS A SECURITY RISK WITH CONNECTIONS TO THE FIDEL CASTRO REGIME. THE CALL WAS LATER VERIFIED BY SOHIO SECURITY ON A FRAUD THROUGH CONTACTS MADE WITH THE WHITE HOUSE AND THE REAL MR. DEAVERS STAFF.

PAGE THREE CV 66-5830 IMMEDIATE

ON AUGUST 19, 1981 U.S. SECRET SERVICE OFFICE, CLEVELAND, OHIO,
WAS CONTACTED REGARDING THE INCIDENT.

NO FURTHER INVESTIGATION WAS CONDUCTED BY THE CLEVELAND
DIVISION.

BT

CEC 004 1681640Z

PP HQ

DE CE

P 171640Z JUN 86

FM CHARLOTTE (211-2) (RUC)

TO DIRECTOR PRIORITY

BT

UNCLAS

ATTENTION: PUBLIC CORRUPTION UNIT, CRIMINAL INVESTIGATIVE
DIVISION

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT
OF INTEREST; OO:FBIHQ

REBUTEL TO ALL FBI FIELD OFFICES, JUNE 3, 1986.

SEARCHES OF CHARLOTTE GENERAL, SECURITY AND ELSUR INDICES
AND ISIS NEGATIVE FOR ANY INFORMATION PERTINENT TO THE INVESTIGA-
TION OF SUBJECT BY THE INDEPENDENT COUNSEL.

CHARLOTTE INDICES REFLECT ONE REFERENCE TO SUBJECT IN
CHARLOTTE FILE 211-00-6 P. 3 WHICH IS THE LIST OF THOSE PERSONS
PRESENTLY SUBJECT TO THE INDEPENDENT COUNSEL PROVISIONS OF THE
EIGA ATTACHED WITH BUAIRTEL TO ALL SACS DATED JUNE 27, 1983,

DEC 14 1986

PAGE TWO CE 211-2 UNCLAS

CAPTIONED "ETHICS IN GOVERNMENT ACT OF 1978." NAME OF SUBJECT
ALSO APPEARS IN ALL SUBSEQUENT REVISIONS OF THE LIST THROUGH
MAY 21, 1986.

BT



FORMS.TEXT HAS 1 DOCUMENT

INBOX.3 (#4587)

TEXT:

IPO 0002 168 1634Z

RR HQ

DE IP

R 17 1634Z JUN 86

FM INDIANAPOLIS (211-3)

TO DIRECTOR (ROUTINE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA - CONFLICT
OF INTEREST); OO: FBIHQ

RE: BUREAU TELETYPE TO IP, JUNE 13, 1986.

ON JUNE 16, 1986, SEARCH OF INDIANAPOLIS INDICES FOR MICHAEL K.
DEEVER WAS CONDUCTED WITH NEGATIVE RESULTS.

BT

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DEC 14 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.21 (#4405)

TEXT:

PH 0181670101

PP HQ

DE PH

R 0160101 JUN 86

FM PHILADELPHIA (2LL-5)(SQ 8)(RUC)

TO DIRECTOR PRIORITY

BT

U N C L A S

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA), CONFLICT OF INTEREST; OO:FBIHQ.

REFERENCE BUREAU TELETYPE TO ALL OFFICES JUNE 13, 1986.

INDICES AT PHILADELPHIA SHOW REFERENCE TO PHILADELPHIA FILE 202C-331 TITLED: UNSUB; IMPERSONATION OF U.S. PRESIDENTIAL ASSISTANT, MICHAEL DEEVER, ALLEGING KNOWLEDGE OF CUBAN INTELLIGENCE ACTIVITIES AT SOHIO CORPORATION, CLEVELAND, OHIO; FCI-CUBA. OO:PHILADELPHIA.

ON AUGUST 18, 1981, A TELEPHONE CALL WAS RECEIVED AT THE OFFICE OF THE CHAIRMAN OF THE BOARD OF SOHIO PETROLEUM CORPORATION, CLEVELAND, OHIO, MR. ALTON W. WHITEHOUSE. THE CALLER IDENTIFIED HIMSELF AS MICHAEL J. DEEVER OF THE WHITE HOUSE STAFF AND THEN ADVISED THAT THE WIFE OF A SOHIO EMPLOYEE WAS A "SECURITY RISK" DUE TO

PAGE TWO, 211-5, U N C L A S

HER CONNECTION WITH THE FIDEL CASTRO REGIME IN CUBA.

THE CALLER IDENTIFIED [REDACTED] AS THE EMPLOYEE, BUT DID NOT MENTION THE NAME OF HIS WIFE. FOLLOWING THIS TELEPHONE CALL, INQUIRY BY SOHIO SECURITY DETERMINED THAT IN FACT MICHAEL DEAYER DID NOT MAKE ANY SUCH CONTACT WITH SOHIO CORPORATION.

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INVESTIGATION DETERMINED THAT [REDACTED] THEN CURRENT WIFE WAS [REDACTED] WHO HAD NO CONNECTION TO CUBA; HOWEVER, HIS FIRST WIFE, [REDACTED] [REDACTED] WAS BORN [REDACTED] [REDACTED] IN [REDACTED] CUBA. [REDACTED] DIVORCED [REDACTED] ON NOVEMBER 25, 1969, AND IN INTERVIEW STATED THAT HE KNOWS OF NO REASON WHY ANYONE WOULD ALLEGE THAT HIS FORMER WIFE WAS A SECURITY RISK WITH ONE EXCEPTION. [REDACTED] [REDACTED]

[REDACTED] IT WAS [REDACTED]

OPINION THAT HIS BROTHER MAY BE CAPABLE OF MAKING SUCH UNFOUNDED ALLEGATIONS. IN FACT, [REDACTED] HAD BEEN THE SUBJECT OF THREE PHILADELPHIA FILES IN WHICH IT IS MENTIONED THAT [REDACTED] MADE AN UNSUBSTANTIATED THREAT AGAINST PRESIDENT CARTER. THIS MATTER WAS CLOSED ADMINISTRATIVELY ON NOVEMBER 17, 1981, AFTER INVESTIGATION FAILED TO IDENTIFY POSITIVELY THE INDIVIDUAL WHO MADE THE CALL TO

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PAGE THREE, 211-5, U N C L A S

SOHIO CORPORATION.

NO OTHER REFERENCES WERE NOTED IN PHILADELPHIA INDICES.

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KX~~0007~~ 163 2030Z

PP HQ

DE KX

P 172030Z JUN 86

FM KNOXVILLE (211-2) (RUC)
TO DIRECTOR, FBI PRIORITY

BT

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UNCLAS

ATTENTION - DIVISION VI, WHITE COLLAR CRIMES SECTION, PUBLIC
CORRUPTION UNIT,

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1973 (EIGA) - CONFLICT OF
INTERESTS; OO: FBIHQ.

RE FBIHQ TELETYPE TO ALL FIELD DIVISIONS, JUNE 13, 1986.

A SEARCH HAS BEEN MADE OF KNOXVILLE INDICES IN REFERENCE TO
ABOVE-CAPTIONED INDIVIDUAL, WITH NEGATIVE RESULTS, WITH THE EXCEPTION
OF INFORMATION PROVIDED TO KNOXVILLE IN BUREAU AIRTEL TO ALL SAC'S,
DATED MAY 21, 1986.

KNOXVILLE IS CONDUCTING NO ADDITIONAL INVESTIGATION.

BT

DEC 14 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.34 (#4652)

TEXT:

SLO0010 1681958

PP HQ

DE SL

P 171916Z JUN 86

FM ST. LOUIS (211-3) (P)

TO DIRECTOR PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST. OO: BUREAU

RE BUREAU TELETYPE TO ALL OFFICES JUNE 13, 1986, AND BUREAU
AIRTEL TO ALL SACS MAY 21, 1986, CAPTIONED "ETHICS IN GOVERNMENT ACT
OF 1978".

ST. LOUIS HAS NO INFORMATION RE CAPTIONED INVESTIGATION.

A SEARCH OF ST. LOUIS INDICES REVEALED THE FOLLOWING REFERENCES
TO MICHAEL K. DEEVER:

DEEVER IS REFERENCED TO SERIAL ONE IN A 1984 AO ST. LOUIS FILE
(SL 62C-5280) CAPTIONED "INFORMATION RECEIVED FROM [REDACTED]
MISC. MATTER, OO: WFO", WFO FILE 58A-2063. THIS SERIAL REFERS TO A
POTENTIAL PAROLE MATTERS WITNESS WHO STATED HE WAS NOT ACQUAINTED

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DEC 14 1986

PAGE TWO SL 211-3 UNCLAS

WITH DEEVER AS WELL AS SEVERAL OTHER WHITE HOUSE OFFICIALS. DEEVER WAS NOT THE SUBJECT OF THE INVESTIGATION AND IS NOT FURTHER MENTIONED IN THE ST. LOUIS FILE.

DEEVER WAS THE SUBJECT OF A 1981 161B SPIN RECORDS CHECK IN ST. LOUIS AT THE FEDERAL AND MILITARY RECORDS CENTERS. THIS REQUEST FOR INVESTIGATION WAS RECEIVED FROM FBIHQ BY TELETYPE DATED MAY 31, 1981, CAPTIONED "MICHAEL KEITH DEEVER, SPECIAL INQUIRY, BUDED: FEBRUARY 19, 1981, WITHOUT FAIL (B)" AND DEVELOPED NO DEROGATORY INFORMATION.

THE ONLY OTHER INFORMATION ON FILE IN ST. LOUIS RE DEEVER WAS FURNISHED TO ST. LOUIS VIA RE BUAIRTEL MAY 21, 1986, AND EARLIER SIMILAR BUAIRTELS.

ST. LOUIS WILL COMPLY WITH INSTRUCTIONS IN RE BUREAU TELETYPE JUNE 13, 1986, AND ALL EMPLOYEES HAVE BEEN APPROPRIATELY INSTRUCTED
BT

FORMS.TEXT HAS 1 DOCUMENT

INBOX.26 (#4644)

TEXT:

NFO 003168 1937

RR HQ

DE NF

R 171905Z JUN 86

FM FBI NORFOLK (211-R-1) (RUC)

TO DIRECTOR ROUTINE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)--
CONFLICT OF INTEREST; OO: FBIHQ

RE BUREAU TELETYPE, JUNE 13, 1986; BUREAU AIRTEL TO ALL
SACS, JULY 26, 1985, ENTITLED "EIGA OF 1978" AND NORFOLK MEMO,
DECEMBER 14, 1981, ENTITLED "TRAVEL TO COLONIAL WILLIAMSBURG BY
PRESIDENTIAL ADVISORS EDWIN MEESE, 12/24-27/81, AND MICHAEL
DEEVER, 12/23-26/81."

ON JUNE 13, 1986, NORFOLK INDICES WERE CHECKED; ON JUNE 17,
1986, ELSUR INDICES WERE CHECKED, AND ON JUNE 17, 1986, SECURE
INDICES WERE CHECKED, ALL WITH NEGATIVE RESULTS RE SUBJECT,
EXCEPT FOR NON-DEROGATORY INFORMATION IN RE AIRTEL AND MEMO.

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DEC 14 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.6 (#4600)

TEXT:

LSO 0004 168 1757

PP HQ

DE LS

P 17 1757Z JUNE 86

FM LOUISVILLE (211-3) (RUC)

TO DIRECTOR PRIORITY

BT

UNCLAS

ATTENTION: FBIHQ, PUBLIC CORRUPTION UNIT,

CRIMINAL INVESTIGATION DETACHMENT

MICHAEL K. DEAYER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST, OO: BUREAU

RE BUREAU TELETYPE TO ALL FBI FIELD OFFICES, JUNE 13, 1986.

FOR INFORMATION OF THE BUREAU, THE INDICES OF THE LOUISVILLE
DIVISION WERE NEGATIVE REGARDING MICHAEL K. DEAYER.

ALSO, REFERENCED TELETYPE DISSEMINATED TO ALL PERSONNEL ON
JUNE 16, 1986.

IN THE EVENT ANY INFORMATION IS DEVELOPED, THE BUREAU WILL BE
IMMEDIATELY NOTIFIED.

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CO0001 1671549

PP HQ

DE CO

P 161549Z JUN 86

FM COLUMBIA

TO DIRECTOR, FBI PRIORITY

BT

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ATTN: PERSONAL ATTENTION [REDACTED] FBIHQ.

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF INTEREST, OO:FBIHQ.

RE BUREAU TELETYPE DATED JUNE 13, 1986.

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THE COLUMBIA DIVISION INDICES DISCLOSE A REFERENCE FOR MICHAEL K. DEEVER IN THE CONTROL FILE 211-00 WHICH IS A LIST OF ALL GOVERNMENT OFFICIALS WHO ARE SUBJECT TO THE ETHICS IN GOVERNMENT ACT OF 1978 (EIGA). THIS IS THE ONLY RECORD THAT THE COLUMBIA DIVISION HAS FOR MICHAEL K. DEEVER. SEARCH CONDUCTED BY AOSM - RASB [REDACTED], ON JUNE 16, 1986, IN ELSUR, CONFIDENTIAL, AND GENERAL INDICES.

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FM LEGAT PARIS (211-0)

TO DIRECTOR FBI ROUTINE

BT
UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ

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REBUTEL OF JUNE 13, 1986.

LEGAT PARIS INDICES WERE CHECKED IN ACCORDANCE WITH
REFERENCED TELETYPE AND ONLY TWO REFERENCES WERE FOUND
CONCERNING MICHAEL K. DEEVER. THE FIRST REFERENCE CONCERNED
THE LISTING OF MICHAEL K. DEEVER AS BEING COVERED BY THE
ETHICS IN GOVERNMENT ACT OF 1978, AS SET FORTH IN ALL OFFICE
AIRTEL DATED APRIL 13, 1984.

THE SECOND REFERENCE CONCERNED MICHAEL DEEVER'S TRAVEL TO
EUROPE IN FEBRUARY, 1985, AND CONCERNED A REQUEST FROM U.S.
SECRET SERVICE FOR ANY PERTINENT INTELLIGENCE INFORMATION
CONCERNING THAT VISIT. FOR INFORMATION OF FBIHQ, MICHAEL
DEEVER WAS SCHEDULED TO VISIT EUROPE BETWEEN FEBRUARY 19-27, 1985,
WITH THE FOLLOWING ITINERARY:

1986 AR

PAGE TWO DE PARIS (211-0) UNCLAS

FEBRUARY 19-21, 1985 - BONN, WEST GERMANY

FEBRUARY 21, 1985 - MUNICH, WEST GERMANY

FEBRUARY 21-22, 1985 - BONN, WEST GERMANY

FEBRUARY 22-24, 1985 - MADRID, SPAIN

FEBRUARY 24-25, 1985 - STRASBOURG, FRANCE

FEBRUARY 25-27, 1985 - LISBON, PORTUGAL

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.1 (#4146)

TEXT:

JK00002 1671746

PP HQ

DE JK

P 161746Z JUN 86

FM JACKSONVILLE (211-1) (RUC)

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TO DIRECTOR, FBI PRIORITY

BT

UNCLAS

MICHAEL K. ^①DEAVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF
1978 (EIGA) - CONFLICT OF INTEREST, OO: FBIHQ

REBUTEL TO ALL OFFICES 6-13-86.

ON 6-16-86 A REVIEW OF THE JACKSONVILLE GENERAL
INDICES, CONFIDENTIAL INDICES AND ELSUR INDICES WAS
CONDUCTED WITH NEGATIVE RESULTS CONCERNING MICHAEL K.
DEAVER WITH THE EXCEPTION OF SERIAL REFERENCES IN THE
JACKSONVILLE EIGA FILE (211-00) REFLECTING DEAVER SUBJECT
TO THE INDEPENDENT COUNSEL PROVISION.

ADMINISTRATIVE:

JACKSONVILLE CHECKS CONDUCTED BY IA

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BH0001 1681923

PP HQ

DE BH

P 171923Z JUN 86

FM Birmingham

TO DIRECTOR PRIORITY

H

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST. OO: FBIHQ.

RE BUREAU TELETYPE, DATED JUNE 13, 1986.

A REVIEW OF THE INDEX TO THE CENTRAL RECORDS SYSTEM OF
THE BIRMINGHAM DIVISION BY SA [REDACTED] ON

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JUNE 16, 1986, REVEALED NO GERMANE INFORMATION.

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FORMS.TEXT HAS 1 DOCUMENT

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TEXT:

ATO0015 1690019

PP HQ

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P 170000Z JUN 86

FM ATLNTA (211-0) (P) (SQUAD 10)

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TO DIRECTOR PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; EIGA-CONFLICT OF INTEREST; OO: FBIHQ

REFERENCE BUREAU TELETYPE, JUNE 13, 1986.

ATLANTA OFFICE INDICES CONTAIN NO INFORMATION PERTINENT
TO THE INVESTIGATION OF DEEVER BY THE INDEPENDENT COUNSEL.

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JUNE 5, 1986

UNCLAS

IMMEDIATE

FM DIRECTOR FBI {211}-25}

TO FBI WFO {IMMEDIATE}

PERSONAL ATTENTION SAC

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 {EIGA} - CONFLICT OF INTEREST. 00: FBIHQ.

ON MAY 29, 1986, THE U. S. COURT OF APPEALS FOR THE DISTRICT OF COLUMBIA, PURSUANT TO THE PROVISIONS OF THE ETHICS IN GOVERNMENT ACT OF 1978 {EIGA}, APPOINTED WHITNEY NORTH SEYMOUR, JR. TO ACT AS INDEPENDENT COUNSEL IN THE MATTER INVOLVING FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT MICHAEL K. DEEVER.

ON JUNE 4, 1986, I APPROVED THE TEMPORARY ASSIGNMENT OF WFO SPECIAL AGENTS [REDACTED] [REDACTED] AND [REDACTED] TO ASSIST IN THE

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- Wash*
- 1 - MR. GLOVER *g*
 - 1 - MR. OTTO
 - 1 - [REDACTED]
 - 1 - [REDACTED]

MRF:DLT {5}

6/5/86

3853/6

[REDACTED]

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JUN 19 1986

FEDERAL BUREAU OF INVESTIGATION
COMMUNICATIONS CENTER

JUN 5 1986

NOV 1 1986 *PR*

INVESTIGATION BEING CONDUCTED BY INDEPENDENT COUNSEL SEYMOUR.

YOU SHOULD PERSONALLY ADVISE THESE AGENTS THEY ARE TO REPORT THE RESULTS OF ANY INVESTIGATION ONLY TO THE INDEPENDENT COUNSEL AND ARE NOT TO DISCUSS THE CASE WITH ANY FBI PERSONNEL.

EXPENSES FOR THESE AGENTS WILL BE REIMBURSED THROUGH THE USUAL SYSTEM OF VOUCHERS SUBMITTED TO FBIHQ THROUGH THE WFO SQUAD TO WHICH THE AGENTS ARE ASSIGNED. THE AGENTS ARE PERMITTED TO MAINTAIN THEIR OWN NUMBER ONE REGISTERS WHICH ARE TO BE SUBMITTED TO THEIR RESPECTIVE WFO SQUADS ON A WEEKLY BASIS. INVESTIGATION IS TO BE TURK DESIGNATED TO THE 211 CLASSIFICATION.

THESE AGENTS WILL BE ASSIGNED TO THIS MATTER FOR THE DURATION OF THE INVESTIGATION OR OTHERWISE REQUESTED BY INDEPENDENT COUNSEL SEYMOUR. CONSIDERATION SHOULD BE GIVEN TO REASSIGNMENT OF THE WORK LOAD CURRENTLY BEING HANDLED BY THESE AGENTS.

ON JUNE 5, 1986, THESE AGENTS MET WITH EXECUTIVE ASSISTANT DIRECTOR (EAD) JOHN D. GLOVER AT FBIHQ AND WERE GIVEN INSTRUCTIONS BY EAD GLOVER RELATIVE TO THEIR DUTIES AND

RESPONSIBILITIES IN THIS MATTER. AN ALL OFFICE TELETYPE WILL BE FORTHCOMING PROVIDING SPECIFIC INSTRUCTIONS TO BE FOLLOWED IN THIS CASE.

INDEPENDENT COUNSEL SEYMOUR REQUESTED ON JUNE 5, 1986, THAT THE FBI PROVIDE VEHICLES AND STENOGRAPHIC SUPPORT FOR THIS CASE UNTIL SUCH TIME THAT HE HAS ADMINISTRATIVE CAPABILITIES AND OFFICE ESTABLISHMENTS IN WASHINGTON, D.C. INDEPENDENT COUNSEL SEYMOUR CONCURS WITH THE TEMPORARY USE OF WFO CLERICAL EMPLOYEES UNTIL A FULL STAFF CAN BE ESTABLISHED. ANY CLERICAL EMPLOYEE UTILIZED IN THIS MATTER SHOULD ALSO BE INSTRUCTED THEY ARE NOT TO DISCUSS THE CASE WITH OTHER FBI PERSONNEL AND TO HANDLE ANY INFORMATION IN STRICT CONFIDENCE.

BT

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Assistant Attorney General
Office of Legislative Affairs

May 12, 1986

Director, FBI

LETTER DATED 5/7/86 FROM SENATOR JOSEPH R. BIDEN, JR.,
COMMITTEE ON THE JUDICIARY, CONCERNING THE INVESTIGATION
OF MICHAEL DEEVER

Attached is a copy of referenced letter and my response
to Senator Biden. A copy of my response is also attached for
your records. Please review and, upon approval, forward my
letter to the Senator.

Enclosures (2)

NOTE: See letter same date to Honorable Joseph R. Biden, Jr.

NB:lmr (5)

Hand delivered to DOJ, room 1609

OK: 5/15/86 3:00 PM (pub)

HLS

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Serv. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

MAIL ROOM ☒

DEC 13 1986

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APPROVED:

Adm. Serv. _____ Legal Coun. _____
Director _____
Asst. Dir. _____
Exec AD Adm. _____ Ident. _____
Exec AD Inv. _____
Exec AD LES _____
Public Affs. _____

May 12, 1986

OUTSIDE SOURCE

Honorable Joseph R. Biden, Jr.
Committee on the Judiciary
United States Senate
Washington, D. C. 20510

Dear Senator Biden:

I appreciate your contacting me personally last week regarding your concerns and those of other members of the Senate Judiciary Committee over the attempts by the FBI to contact you for information about the Deaver matter, and I have also received your follow-up letter.

As you know, by now the press has pushed our telephone conversation in relation to this letter far out of proportion. You and I know that we have resolved the sensitivity of this issue. We look forward to further cooperating with you and the Committee members in this and other matters of mutual concern.

Sincerely yours,

"Thanks for your efforts to
Keep the record straight. Warm
regards."

William H. Webster
Director

- 1 - Assistant Attorney General
Office of Legislative Affairs
- 1 - Washington Field - Enclosure
Personal Attention SAC.
- 1 - Mr. W. Baker - Enclosure
- 1 - Mr. Clarke - Enclosure
- 1 - Mr. Jamar - Enclosure
- 1 - [REDACTED] - Enclosure
- 1 - [REDACTED] - Enclosure
- 1 - Congressional Affairs Office - Enclosure

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NOTE: Senator Biden has written to the Director to show his concern that FBI Agents have attempted to interview him in connection with the investigation of Michael Deaver. Reply coordinated with SA [REDACTED] Public Corruption Unit, CID, and AD Baker, OCPA.

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NB:lmr (11)

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Public Affs. _____
Rec. Mgnt. _____
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Telephone Rm. _____

APPROVED:

Director: [Signature]
Exec AD Adm. _____
Exec AD Inv. _____

Exec AD LES _____

Adm. Serv. _____

Crim. Inv. _____

Legal Coun. _____

Plan. & Insp. _____

Rec. Mgnt. _____

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Training _____

Public Affs. _____

DEC 13 1986 ROOM

STROM THURMOND, SOUTH CAROLINA CHAIRMAN
CHARLES MCC. MATHIAS, JR., MARYLAND
PAUL LAXALT, NEVADA
ORRIN G. HATCH, UTAH
ALAN K. SIMPSON, WYOMING
JOHN P. EAST, NORTH CAROLINA
CHARLES E. GRASSLEY, IOWA
JEREMIAH DENTON, ALABAMA
ARLEN SPECTER, PENNSYLVANIA
MITCH MCCONNELL, KENTUCKY
JOSEPH BIDEN, JR., DELAWARE
EDWARD M. KENNEDY, MASSACHUSETTS
ROBERT C. BYRD, WEST VIRGINIA
HOWARD M. METZENBAUM, OHIO
DENNIS DECONCINI, ARIZONA
PATRICK J. LEAHY, VERMONT
HOWELL HEFLIN, ALABAMA
PAUL SIMON, ILLINOIS
DENNIS W. SHEDD, CHIEF COUNSEL AND STAFF DIRECTOR
DIANA L. WATERMAN, GENERAL COUNSEL
DEBORAH G. BERNSTEIN, CHIEF CLERK
MARK H. GITENSTEIN, MINORITY CHIEF COUNSEL

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510

May 7, 1986

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	
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Laboratory	
Legal Coun.	
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Rec. Mgmt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

The Honorable William H. Webster
Director
Federal Bureau of Investigation
J. Edgar Hoover Building
Washington, D.C. 20535

Dear Judge Webster:

I am glad we finally got together on the phone today, but I wanted to follow up with this letter I intended to send to you had we not talked.

On Monday, May 5, I and four other Democratic members of the Senate Judiciary Committee were contacted by FBI agents [redacted] and [redacted] regarding the letter we sent to Attorney General Meese in the Michael Deaver case. As you may be aware, a majority of the Democratic members of the Committee, acting under the authority of the Ethics in Government Act, requested the Attorney General to determine whether or not to apply for the appointment of an Independent Counsel to investigate possible violations of federal criminal statutes by Deaver. For your information, a copy of that letter is enclosed. Agents [redacted] and [redacted] were seeking to interview each Senator about information we might have on the allegations raised in the letter.

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The factual circumstances which we outlined were common knowledge and have been widely disseminated in the press. All four areas had already been reported in some detail by a number of publications, including the Washington Post, New York Times and Newsweek. Those press reports provided the basis for the circumstances raised in the letter to the Attorney General. There is nothing more that Judiciary Committee members can contribute at this point.

The law does not require the Judiciary Committee members to conduct any kind of investigation on their own. The Ethics in Government Act 28 USC 595(e) only states that a majority of the minority of the members of either the Senate or House Judiciary Committees "may apply for the appointment of an independent counsel." That section says nothing about the kind of information on which that application must be

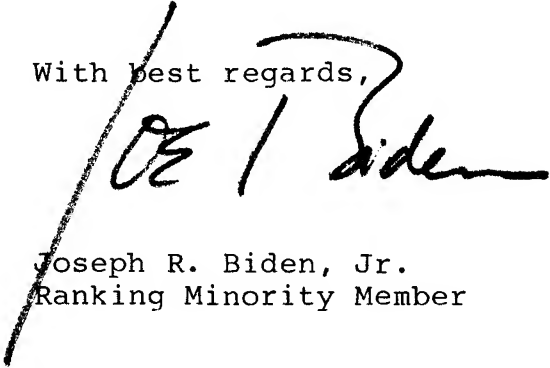
EXP. PROC.
MAY 8 1986

Page 2
May 7, 1986

based. On the other hand, the Attorney General is to conduct a preliminary investigation "upon receiving information that the Attorney General determines is sufficient to constitute grounds to investigate." The detailed accounts of Mr. Deaver's activities which appeared in the press clearly constituted sufficient grounds to invoke the procedures under which the Democratic members of the committee acted.

I appreciate your cooperation in this matter.

With best regards,



Joseph R. Biden, Jr.
Ranking Minority Member

Enclosure

cc: The Honorable Robert C. Byrd
The Honorable Howard Metzenbaum
The Honorable Patrick Leahy
The Honorable Paul Simon

DEMOCRATS ASSAIL REQUEST BY F.B.I.

Bureau Seeking to Question Five Senators Who Sought Inquiry Into Lobbyist

By MARTIN TOLCHIN

Special to The New York Times

WASHINGTON, May 7 — The Federal Bureau of Investigation has begun its investigation of Michael K. Deaver by seeking to question the five Democratic Senators on the Judiciary Committee who asked the Justice Department to investigate his lobbying activities.

Senator Joseph R. Biden Jr. of Delaware, the ranking Democrat on the committee, said he had protested the request as "inappropriate" in a telephone call and a letter to William H. Webster, Director of the bureau.

Another committee member, who declined to be named, said he considered the request an attempt at "harassment" and "intimidation."

Still another committee member, Senator Patrick J. Leahy of Vermont, attributed the request to overzealousness.

A Justice Department official said the F.B.I. request for interviews with the Senators was part of an informal investigation that preceded a preliminary investigation. The official also said a department request that a Federal court appoint an independent counsel was not imminent.

Questioning by House Panel

In a related development, Mr. Deaver has agreed to testify next week at a closed meeting of the Investigations Subcommittee of the House Energy and Commerce Committee.

Sources close to Mr. Deaver said he believed he had acted within the law, had nothing to hide and welcomed the opportunity to clear his name. Representative John D. Dingell, a Michigan Democrat who is chairman of the committee, had threatened to subpoena Mr. Deaver if he failed to appear.

Mr. Deaver, the former White House deputy chief of staff, is a close friend of President Reagan and his wife, Nancy. Shortly after leaving the White House last May, Mr. Deaver set up a lobbying concern that represents several foreign governments and both foreign and domestic companies. Congressional critics contend that he has exploited his relationship with the Reagans and officials in the Reagan Administration, and may have violated conflict-of-interest laws.

Mr. Deaver has asked that an independent counsel be appointed to investigate the charges. His request came after those by the Democratic Senators and by the Office of Government Ethics.

Questioning Called Routine

A Justice Department official who

declined to be named said the F.B.I. "routinely" questioned those who asked the bureau to investigate a matter to determine if they could provide additional information.

However, M. Elaine Mielke, general counsel to the House Judiciary Committee, said that procedure had not been followed in the recent case of committee Democrats who requested the appointment of an independent counsel to investigate Theodore B. Olson, a former Assistant Attorney General accused of having given false testimony about the withholding of documents by the Environmental Protection Agency from Congress in 1982 and 1983.

Steven Ross, counsel to the Clerk of the House, said he would have "kicked up quite a fuss and been very concerned at how inappropriate the request would have been."

Senators on the Judiciary Committee also disputed the bureau's assertion that the request for interviews was routine.

"It does not seem routine," Mr. Biden said in an interview. "I've been here for 14 years, and I don't ever recall that before. I don't know what the motivation was, but I think it's inappropriate."

The Senator said Mr. Webster had apologized for any offense taken at the bureau's request.

"I told Judge Webster that I thought I was speaking for all Democrats when I said that the F.B.I. should conduct its own investigation," Mr. Biden said. "If they want to talk to us after the fact, by all means call me."

Noting that the Democratic Senators had asked the bureau "to look at the allegations and see if there was any substance to them," Mr. Biden said he did not think the bureau's request to question the Senators "was appropriate, or that it was appropriate that the F.B.I. be so insistent — and that's what they've been, on speaking with me."

"I think it's inappropriate for several reasons," he continued. "I don't want it to look like we're interfering with their investigation or pushing or promoting their judgement. They should make an independent judgement."

G.A.O. Papers Requested

In another development, the bureau has requested the working papers developed by the General Accounting Office in its investigation of Mr. Deaver's lobbying activities and his role in moving the United States toward an agreement with Canada on curbing acid rain. The accounting office has complied, according to a senior official.

White House officials have acknowledged that Mr. Deaver participated in discussions about acid rain before he left his post as deputy chief of staff. He later was retained as a lobbyist by the Canadian Government at an annual fee of \$105,000.

Allan E. Gottlieb, the Canadian Ambassador to the United States, wrote Mr. Dingell that the Canadian Embassy's initial contacts with Mr. Deaver concerning a possible contract took place last May 16, two weeks after Mr. Deaver had left his White House post.

The Ambassador said the terms of the contract were approved last July for a one-year period. In the letter, dated May 6, Mr. Gottlieb said he was providing the information "on a voluntary basis."

Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

The Washington Post _____
The Washington Times _____
Daily News (New York) _____
The New York Times **B-29** _____
The Wall Street Journal _____
The Chicago Tribune _____
The Los Angeles Times _____
The Christian Science Monitor _____
USA Today _____

Date **5-8-86**

Page **1** FBI/DOJ

FORMS.TEXT HAS 1 DOCUMENT

INBOX.1 (#4135)

TEXT:
VZCZCWFO017

OO HQ NY TP

DE WF 0017 1271745

ZNR UUUUU

O 071744Z MAY 86

FM: WASHINGTON FIELD OFFICE (211-7) (P) (C-7)

TO: DIRECTOR, FBI PRIORITY

(ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT,
WCC, CID)

ADIC, NEW YORK IMMEDIATE

(ATTN: SSA [REDACTED] SQ C-12)

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TAMPA, IMMEDIATE

(ATTN: SSRA [REDACTED] ORA)

BT

UNCLAS (SECTION ONE OF TWO)

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 - CONFLICT
OF INTEREST; OO:FBIHQ

RE TEL CALL BETWEEN SSA [REDACTED] FBIHQ AND WFO SA [REDACTED]

[REDACTED] ON 5/5/86; TEL CALL BETWEEN SSA [REDACTED] NY AND SA

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[REDACTED] WFO ON 5/6/86; AND TEL CALL BETWEEN SA

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NOV 1 1986

PAGE TWO DE WF 0017

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[REDACTED] WFO AND SSRA [REDACTED] ORLANDO RA ON

5/6/86.

FOR INFORMATION OF RECEIVING OFFICES, THE U.S. DEPARTMENT OF JUSTICE HAS REQUESTED THE FBI CONDUCT AN INQUIRY INTO WIDELY REPORTED ALLEGATIONS OF POSSIBLE CRIMINAL MISCONDUCT BY FORMER DEPUTY CHIEF OF STAFF TO THE PRESIDENT, MICHAEL K. DEAVER.

THIS INQUIRY IS PURSUANT TO A REQUEST BY FIVE DEMOCRATIC SENATORS OF THE JUDICIARY COMMITTEE IN A LETTER TO THE ATTORNEY GENERAL DATED 4/23/86. CONTAINED WITHIN THE LETTER IS A REQUEST THAT A DETERMINATION BE MADE WHETHER OR NOT THERE IS SUFFICIENT EVIDENCE TO WARRANT THE APPOINTMENT OF AN INDEPENDENT COUNSEL TO INVESTIGATE ALLEGATIONS OF POSSIBLE VIOLATIONS OF T18 USC SECTION 207 AND 208 (CONFLICT OF INTEREST) DURING DEAVER'S EMPLOYMENT AS DEPUTY WHITE HOUSE CHIEF OF STAFF AS WELL AS HIS BUSINESS ACTIVITIES SINCE HE LEFT THE EMPLOYMENT OF THE U.S. GOVERNMENT IN MAY, 1985.

SPECIFICALLY, THE JUDICIARY COMMITTEE ASKED THAT THE INQUIRY ENCOMPASS THE FOLLOWING ALLEGATIONS:

- 1) ALL THE RAMIFICATIONS OF DEAVER'S INVOLVEMENT, PRIOR

TO, DURING AND AFTER HIS EMPLOYMENT AS DEPUTY WHITE HOUSE CHIEF OF STAFF, WITH ROCKWELL INTERNATIONAL AND HIS PARTICIPATION IN MEETINGS CONCERNING FEDERAL PROCUREMENT OF THE B-1 BOMBER.

2) THE FULL EXTENT OF DEAVER'S CONTACTS WITH THE EXECUTIVE OFFICE OF THE PRESIDENT AND OTHER EXECUTIVE BRANCH AGENCIES, WITH REGARD TO HIS REPRESENTATION OF THE GOVERNMENT OF SOUTH KOREA.

3) DEAVER'S CONTACTS WITH THE EXECUTIVE OFFICE OF THE PRESIDENT DURING HIS REPRESENTATION OF THE COMMONWEALTH OF PUERTO RICO CONCERNING PROPOSED LEGISLATION TO REFORM THE INTERNAL REVENUE CODE.

4) DEAVER'S INVOLVEMENT AS DEPUTY WHITE HOUSE CHIEF OF STAFF IN THE ISSUE OF U.S. - CANADIAN RELATIONS CONCERNING ACID-RAIN AND HIS POST-WHITE HOUSE REPRESENTATION OF CANADA.

FOR THE TIME BEING, WFO IS FOCUSING ON THE ACID-RAIN AND B-1 BOMBER ALLEGATIONS PRIMARILY BECAUSE THESE TWO ISSUES HAVE RECEIVED THE GREATEST PROPORTION OF PRINT MEDIA ATTENTION AND THE FACT THAT VERY LITTLE HAS BEEN PRINTED REGARDING DEAVER'S ACTIVITIES AND/OR HIS RELATIONSHIP WITH PUERTO RICO AND SOUTH KOREA.

ACID RAIN -

BEGINNING IN 1983, ACID RAIN CAUSED TENSIONS BETWEEN THE U.S. AND CANADA, WITH PRESIDENT REAGAN AND HIS TOP ECONOMIC ADVISORS OPPOSING A PROPOSAL FOR A MULTI-BILLION DOLLAR EFFORT TO ENFORCE FURTHER REDUCTION OF INDUSTRIAL EMISSIONS - WHICH THE CANADIANS AND VARIOUS ENVIRONMENTAL GROUPS HAVE BALED AS THE CAUSE OF THE ACID RAIN.

ACCORDING TO PRESS ACCOUNTS, "INFORMED SOURCES" STATE THAT THROUGHOUT HIS TENURE AS THE NUMBER 2 MAN TO THE PRESIDENT, DEEVER OPPOSED ANY EFFORT BY U.S. TO ACCEPT RESPONSIBILITY FOR CAUSING ACID RAIN IN CANADA. HOWEVER, SEVERAL MONTHS PRIOR TO DEEVER'S DEPARTURE FROM THE WHITE HOUSE IN MAY, 1985, HE REVERSED HIS POSITION AND ENDORSED THE APPOINTMENT OF A SPECIAL ENVOY TO STUDY THE ISSUE OF ACID RAIN.

FURTHER PRESS REPORTS HAVE INDICATED THAT WHILE DEEVER WAS A WHITE HOUSE OFFICIAL, HE WAS INTIMATELY INVOLVED IN PRESIDENT REAGAN'S MCH 17-18, 1985, SUMMIT MEETING IN QUEBEC CITY WITH CANADIAN PRIME MINISTER BRIAN MULRONEY AND HELPED CONVINCE PRESIDENT REAGAN TO LAUNCH AN ACID

RAIN STUDY COMMISSION.

THE PRESS ACCOUNTS ARE CORROBORATED BY A WHITE HOUSE LETTER DATED 4/15/86 TO THE GENERAL ACCOUNTING OFFICE CONFIRMING THAT DEAVER PLAYED A ROLE IN WHITE HOUSE DISCUSSIONS ON ACID RAIN BEFORE LEAVING GOVERNMENT SERVICE HOWEVER, THE EXTENT OF HIS PARTICIPATION AT THIS POINT REMAINS IN QUESTION.

PRESS REPORTS FURTHER ALLEGE THAT DEAVER LEFT THE WHITE HOUSE ON MAY 10, 1985, LESS THAN TWO MONTHS AFTER THE 1985 SUMMIT MEETING IN QUEBEC, AND WITHIN DAYS HAD SIGNED UP CANADA AS ONE OF HIS FIRMS (DEAVER & ASSOCIATES) FIRST CLIENTS, AND PART OF HIS AGREEMENT WITH CANADA INCLUDED CONSULTING DUTIES ON ACID RAIN.

THE QUEBEC SUMMIT RESULTED IN THE ANNOUNCEMENT OF THE APPOINTMENT OF SPECIAL ENVOYS FORMER U.S. SECRETARY OF TRANSPORTATION DREW LEWIS AND FORMER ONTARIO PREMIER WILLIAM G. DAVIS TO CONDUCT A STUDY ON THE ACID RAIN PROBLEMS.

IT HAS BEEN REPORTED THAT DEAVER SUBSEQUENTLY ATTENDED A MEETING AT THE RIVER CLUB IN NEW YORK ON 10/25/85 WITH

PAGE SIX DE WF 0017

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DREW LEWIS AND WILLIAM DAVIS TO DISCUSS THE REPORT COMPILED BY THE SPECIAL ENVOY. ALSO IN ATTENDANCE WAS FRED DOUCETE, SENIOR ADVISOR TO PRIME MINISTER MULRONEY, CANADIAN AMBASSADOR ALLAN GOTTLIEB, [REDACTED] AN EMPLOYEE OF WARNER ANNEX COMMUNICATIONS COMPANY AND [REDACTED] [REDACTED] (CANADIAN DELEGATION).

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IN JANUARY 1986, LEWIS AND DAVIS PRESENTED THEIR REPORT CALLING FOR A MAJOR NEW EFFORT TO ADDRESS ACID RAIN. THE REPORT PROPOSED THAT THE U.S. GOVERNMENT AND INDUSTRY SPEND \$5 BILLION DOLLARS TO REDUCE ACID RAIN BY FINDING CLEANER TECHNOLOGY FOR BURNING COAL. PRESIDENT REAGAN ENDORSED THE LEWIS REPORT WHEN PRIME MINISTER MULRONEY MET WITH HIM ON 3/19/86 IN WASHINGTON, D.C.

INVESTIGATION HAS DETERMINED TO DATE THAT DREW LEWIS WAS FORMERLY CHAIRMAN OF THE BOARD FOR WARNER ANNEX CABLE COMMUNICATIONS (HEADQUARTERED IN NEW YORK CITY). APPARENTLY WHEN LEWIS WAS APPOINTED SPECIAL ENVOY, HE RETAINED
BT

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.2 (#4136)

TEXT:
VZCZCWFO018

OO HQ NY TP

DE WF 0018 1271748

ZNR UUUUU

O 071744Z MAY 86

FM: WASHINGTON FIELD OFFICE (211-7) (P) (C-7)

TO: DIRECTOR, FBI PRIORITY

(ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT,
WCC, CID)

ADIC, NEW YORK IMMEDIATE

(ATTN: SSA [REDACTED] SQ C-12)

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TAMPA, IMMEDIATE

(ATTN: SSRA [REDACTED] ORA)

BT

UNCLAS (SECTION TWO OF TWO)

MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 - CONFLICT
OF INTEREST; OO:FBIHQ

[REDACTED] [REDACTED] AND [REDACTED] OF WARNER AMEX
TO ASSIST HIM IN THE ACID RAIN STUDY. [REDACTED] AND [REDACTED] HAVE
BEEN LOCATED AT THE WARNER AMEX HEADQUARTERS IN NEW YORK AND

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PAGE TWO DE WF 0018

U N C L A S

[] HAS BEEN LOCATED AT THE WARNER AMEX OFFICE IN WASHINGTON, D.C. [] AND [] HAVE BOTH CONSENTED TO BE INTERVIEWED BY THE FBI ON 5/8/86 AT THEIR OFFICE IN NEW YORK. [] HAS AGREED TO AN INTERVIEW BY THE FBI ON 5/7/86.

IN ADDITION TO THE ABOVE INTERVIEWS, WFO HAS SET IN MOTION A COMPREHENSIVE INVESTIGATIVE PLAN TO INTERVIEW ALL OF THE FORMER AND PRESENT SENIOR WHITE HOUSE OFFICIALS WHO ARE KNOWLEDGEABLE AND/OR PARTICIPATED IN THE ISSUE OF ACID RAIN.

IN THAT REGARD, IT HAS COME TO THE ATTENTION OF WFO THAT FORMER OMB DIRECTOR DAVID STOCKMAN WAS ACTIVE IN ACID RAIN DISCUSSIONS PRIOR TO THE QUEBEC SUMMIT AND MAY HAVE SIGNIFICANT KNOWLEDGE OF DEEVER'S ROLE IN THE ACID RAIN. ON 5/5/86, STOCKMAN WAS CONTACTED BY TELEPHONE AT HIS CURRENT EMPLOYMENT, SOLOMON BROS., IN NEW YORK WITH RESPECT TO SCHEDULING AN INTERVIEW. STOCKMAN ADVISED THAT HE WAS DEPARTING NEW YORK ON 5/6/86 AND WOULD BE ON TRAVEL FOR APPROXIMATELY TWO WEEKS TO PROMOTE HIS NEWLY PUBLISHED BOOK. STOCKMAN INDICATED THAT HE COULD RESERVE TIME FOR AN INTERVIEW BY THE FBI DURING HIS STAY IN ORLANDO, FLORIDA

PAGE THREE DE WF 0018

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ON 5/9/86. INTERVIEW WAS SCHEDULED FOR THE AFTERNOON
OF 5/9/86 AND WILL TAKE PLACE AT THE HYATT REGENCY GRAND
CYPRESS, 1 GRAND CYPRESS BOULEVARD, ORLANDO, FLORIDA.

FOR INFORMATION OF NEW YORK DIVISION, WFO SA' [REDACTED]
[REDACTED] AND [REDACTED] WILL TRAVEL TO NEW YORK ON 5/8/86
TO INTERVIEW [REDACTED] AND [REDACTED] AS SET FORTH
ABOVE. NO ASSISTANCE OF NEW YORK DIVISION IN CONNECTION
WITH THESE INTERVIEWS WILL BE NECESSARY.

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SACS WFO AND NEW YORK CONCUR WITH TRAVEL.

FOR INFORMATION OF TAMPA DIVISION, WFO SAS [REDACTED]
[REDACTED] AND [REDACTED] WILL TRAVEL TO ORLANDO, FLORIDA
ON 5/9/86 FOR PURPOSES OF CONDUCTING INTERVIEW OF DAVID
STOCKMAN AS PREVIOUSLY DISCUSSED. NO ASSISTANCE OF THE TAMPA
DIVISION WILL BE NECESSARY AT THIS TIME.

SACS WFO AND TAMPA CONCUR WITH TRAVEL.

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FM JACKSON (58A-NEW) (RUC)

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TO DIRECTOR, FBI ROUTINE

ATTN:

PUBLIC CORRUPTION UNIT, CID

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ.

RE BUREAU TELETYPE TO ALL OFFICES, JUNE 13, 1986; AND
JACKSON TELCALL TO BUREAU, JUNE 18, 1986.

JACKSON DIVISION FILES CONTAIN NO PERTINENT INFORMATION
RELATIVE TO CAPTIONED INVESTIGATION.

BT

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Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
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Off. of Cong. & Public Affs.	
Rec. Mgmt.	
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Training	
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Director's Sec'y	

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211-25-67

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28 OCT 1986

BU0001 1690017Z

PP HQ

DE BU

R 170017Z JUN 86

M BUFFALO (211-3)

TO DIRECTOR PRIORITY

BT

UNCLAS

①
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST (OO FBIHQ) (BUDED: JUNE 18, 1986)

REBUTEL DATED JUNE 13, 1986.

A SEARCH OF BUFFALO MANUAL, FOIMS, CONFIDENTIAL AND
EL SUR INDICES WAS NEGATIVE RE ANY INFO PERTINENT TO MICHAEL K.
DEEVER.

ALL BUFFALO DIVISION EMPLOYEES HAVE BEEN INSTRUCTED
AS REQUESTED IN REBUTEL.

BT

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28 JUN 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.47 (#4717)

TEXT:

NK00008 2138

PP HQ

DE NK

P 172138Z JUN 86

FM NEWARK (211-5) (RUC) (C-8)

TO DIRECTOR (PRIORITY)

(ATTN: MYRON R. FULLER, PUBLIC CORRUPTION UNIT)

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BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF ASSIST. TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA); CONFLICT OF
INTEREST; OO: FBIHQ

A REVIEW OF NEWARK'S INDICES WAS CONDUCTED ON JUNE 16, 1986,

THE FOLLOWING RESULTS:

REFERENCE TO MICHAEL K. DEEVER WAS NOTED IN NK 211-0-4.
REFERENCE REFLECTED INFO PROVIDED BY THE BUREAU IN AN ALL
SAC AIRMAY DATED JULY 26, 1985, ENUMERATING THOSE INDIVIDUALS
SUBJECT TO THE INDEPENDENT COUNSEL PROVISIONS OF THE ETHICS IN
GOVERNMENT ACT OF 1978.

BT

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.25 (#4754)

TEXT:

PXO 0003 1682207Z

RR HQ

DE PX

R 172207Z JUN 86

FM PHOENIX (211-00) (P)

TO DIRECTOR ROUTINE

BT

UNCLAS

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ATTN: PUBLIC CORRUPTION UNIT, CRIMINAL INVESTIGATIVE DIVISION.

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST; OO: FBIHQ

RE BUREAU TEL TO ALL OFFICES DATED JUNE 13, 1986, CAPTIONED
AS ABOVE.

CONTENTS OF THE ABOVE TELETYPE HAVE BEEN BROUGHT TO THE
ATTENTION OF ALL EMPLOYEES IN THE PHOENIX DIVISION.

INDICES OF THE PHOENIX OFFICE WERE SEARCHED REGARDING MICHAEL
K. DEEVER AND THE FOLLOWING REFERENCES WERE NOTED:

211-00-7,9, P. 2; 211-00-11, P. 2; 211-00-14,13, P. 4

THESE REFERENCES PERTAIN TO LISTS SENT TO ALL OFFICES BY
FBIHQ CONCERNING PERSONS PRESENTLY SUBJECT TO THE INDEPENDENT

PAGE TWO PX 211-00 UNCLAS

COUNSEL PROVISION OF THE ETHICS IN GOVERNMENT ACT OF 1978. NO
OTHER INFORMATION CONCERNING MR. DEEVER IS FOUND IN PHOENIX FILES.

ANY FURTHER INFORMATION DEVELOPED WILL BE SENT TO FBIHQ AS
REQUESTED.

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MWH;2,5;A

MOO001 1681855Z

OO HQ

DE MO

O 171830Z JUN 86

FM MOBILE (2LL-2) (RUC)

TO DIRECTOR IMMEDIATE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO:FBIHQ.

RE BUREAU TELETYPE TO ALL OFFICES, JUNE 13, 1986.

THE FOLLOWING INDICES AND COMPUTER LIST OF THE MOBILE
OFFICE WERE SEARCHED ON MICHAEL K. DEEVER WITH NEGATIVE RESULTS,
EXCEPT AS INDICATED BELOW:

OFFICE INDICES BY SECURITY AND COMPLAINT ASSISTANT

[REDACTED] ON JUNE 13, 1986.

EL SUR INDICES BY FILE ASSISTANT [REDACTED]

ON

JUNE 16, 1986.

INFORMANT INDICES BY FILE ASSISTANT [REDACTED]

ON

JUNE 16, 1986.

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[REDACTED]

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NAME/IDENT COMPUTER LIST OF ARCHIVED DATA BASE CASE

"OPFOPEN" BY STAFFING ASSISTANT DN

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JUNE 16, 1986.

ONLY INFORMATION IN MOBILE INDICES ON DEAVER IS HIS
NAME IS INDEXED AS A PERSON COVERED BY TITLE VI OF THE ETHICS
IN GOVERNMENT ACT OF 1978. DEAVER WAS LISTED AS DEPUTY CHIEF
OF STAFF AND ASSISTANT TO THE PRESIDENT

BT

REF ID: A667

PAGE 01

STATE 250344

ORIGIN EAP-00

INFO LOG-00 COPY-01 ADS-00 SS-00 FB-08 H-01 NSCE-00
 L-03 PA-00 STE-17 USIE-00 JUSE-01 FBIE-00 /033 P

FEDERAL GOVERNMENT

DRAFTED BY: EAP/J:W CORRETT:VKB

APPROVED BY: EAP/J:CKARTMAN

EAP/V:DBLAVERMORE (INFO)

Director's use

-----220174 100306Z /60

O 100047Z AUG 86

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

AMEMBASSY SEOUL IMMEDIATE

INCLAS STATE 250344

MICHAEL K. DEEVER,
 EIGA
 Bufile # 211-25

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E.O. 12356: N/A

TAGS: CGEN, JA, PS, US

SUBJECT: NEW YORK TIMES ARTICLE ON DEEVER INVESTIGATION

1. THE FOLLOWING ARTICLE WAS TAKEN FROM PAGE ONE OF THE
 NEW YORK TIMES, MONDAY, AUGUST 11, 1986, HEADLINED QUOTE
 TWO DEEVER INQUIRIES ARE REPORTED TO EXTEND TO ASIA
 UNQUOTE:

26 OCT 8 1986

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OCT 25 1986 BEGIN TEXT. AR

3. THE FOLLOWING ARTICLE IS BASED ON REPORTING BY MARTIN
TOLCHIN AND STUART DIAMOND AND WAS WRITTEN BY MR. DIAMOND.

4. FEDERAL INVESTIGATORS LOOKING INTO THE PROPRIETY AND
LEGALITY OF LOBBYING BY MICHAEL K. DEAVER, THE FORMER
WHITE HOUSE DEPUTY CHIEF OF STAFF, HAVE BROADENED THEIR
INQUIRY TO INCLUDE HIS BUSINESS DEALINGS IN ASIA,
ACCORDING TO CONGRESSIONAL AND REAGAN ADMINISTRATION
SOURCES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 050344

5. A COURT-APPOINTED INDEPENDENT COUNSEL, WHITNEY NORTH
SEYMOUR, AND THE HOUSE ENERGY AND COMMERCE SUBCOMMITTEE

ON OVERSIGHT AND INVESTIGATIONS ARE BOTH COLLECTING
INFORMATION ON MR. DEAVER'S ACTIONS REGARDING KOREA AND
JAPAN, THE SOURCES SAID. THE FEDERAL BUREAU OF
INVESTIGATION, WHICH IS WORKING FOR MR. SEYMOUR, HAS
QUESTIONED PRESENT AND FORMER WHITE HOUSE OFFICIALS ABOUT
SOME OF THE ASIAN ACTIVITIES, ACCORDING TO THOSE
QUESTIONED

6. UNTIL RECENTLY, THE INQUIRIES HAD FOCUSED MORE ON MR. DEEVER'S LOBBYING FOR CANADA ON ACID RAIN, AND SCANT PUBLIC ATTENTION HAD BEEN PAID TO HIS ASIAN DEALINGS.

NEW DETAILS ON DEALINGS

7. A TWO-MONTH STUDY BY THE NEW YORK TIMES OF MR. DEEVER'S ACTIVITIES IN ASIA HAS TURNED UP NEW DETAILS ON HOW A FORMER HIGH WHITE HOUSE OFFICIAL WAS ABLE TO USE, IN HIS PRIVATE BUSINESS DEALINGS, KNOWLEDGE AND CONTACTS HE HAD GAINED IN GOVERNMENT. THE FEDERAL INVESTIGATORS SAY THEY PLAN TO EXPLORE THESE SUBJECTS FURTHER.

8. THE FEDERAL INQUIRIES CENTER ON WHETHER MR. DEEVER, WHO LEFT WHITE HOUSE SERVICE ON MAY 12, 1985, TO SET UP A LOBBYING FIRM, USED HIS FORMER POSITION AND HIS CLOSE PERSONAL RELATIONSHIP WITH PRESIDENT REAGAN TO FURTHER HIS BUSINESS IN VIOLATION OF CONFLICT-OF-INTEREST LAWS. THE ETHICS IN GOVERNMENT ACT BARS HIGH GOVERNMENT OFFICIALS FROM TRYING TO INFLUENCE THEIR FORMER AGENCIES FOR A YEAR AFTER LEAVING OFFICE.

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9. THE CONGRESSIONAL INQUIRY ALSO IS INTENDED TO FIND OUT WHETHER MR. DEEVER ENGAGED IN ACTIONS THAT, WHILE LEGAL, POSE ETHICAL PROBLEMS AND SUGGEST THE NEED FOR NEW LAWS.

DEEVER CALLS ACTIONS LAWFUL

10. MR. DEEVER, WHO DECLINED TO BE INTERVIEWED FOR THIS ARTICLE, HAS SAID HIS LOBBYING HAS BEEN PROPER AND LAWFUL SINCE HE LEFT THE WHITE HOUSE.

11. NEW DETAILS OF MR. DEEVER'S ASIAN ACTIVITIES EMERGED FROM INTERVIEWS BY THE TIMES WITH 100 GOVERNMENT OFFICIALS, BUSINESSMEN AND INTELLIGENCE SOURCES IN SEOUL, TOKYO, WASHINGTON AND NEW YORK. THESE INSTANCES WERE DESCRIBED:

12. FIVE MONTHS AFTER MR. DEEVER LEFT THE WHITE HOUSE, AN UNUSUAL MEETING WAS HELD BETWEEN PRESIDENT REAGAN AND A RELATIVELY LOW-LEVEL SOUTH KOREAN OFFICIAL ON STRAINED TRADE RELATIONS. SOME STATE DEPARTMENT OFFICIALS SAID MR. DEEVER PLAYED A KEY ROLE IN ARRANGING THE MEETING, ALTHOUGH THE WHITE HOUSE COUNSEL SAID HE COULD FIND NO EVIDENCE OF THAT. WITHIN A MONTH, MR. DEEVER RECEIVED

LUCRATIVE SOUTH OCEAN GOVERNMENT AND BUSINESS CONTRACTS, ACCORDING TO DOCUMENTS HE FILED WITH THE JUSTICE DEPARTMENT. INVESTIGATORS SAID THAT IF MR. DEEVER WAS IN CONTACT WITH THE WHITE HOUSE TO ARRANGE THE MEETING, THIS MAY HAVE BEEN A VIOLATION UNDER THE ETHICS ACT.

13. MR. DEEVER, WHO ARRANGED MAJOR EVENTS WHILE AT THE WHITE HOUSE, STILL ACTED AS THOUGH HE WAS PLAYING THAT ROLE EIGHT MONTHS AFTER HIS DEPARTURE, ACCORDING TO AMERICAN AND JAPANESE DIPLOMATS. IN ONE TRIP LAST

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JANUARY, HE MET WITH JAPAN'S PRIME MINISTER TO SUGGEST PREPARATIONS FOR THE ECONOMIC SUMMIT MEETING AND ALSO, AS ED TO MEET JAPANESE GOVERNMENT LEADERS ON BEHALF OF A PRIVATE CLIENT. SOME OF HIS ACTIONS WERE SAID TO CONFUSE JAPANESE OFFICIALS AND CAUSE CONCERN AT THE UNITED STATES EMBASSY IN TOKYO. THE WHITE HOUSE SAID MR. DEEVER WAS NOT AUTHORIZED TO ENGAGE IN ANY OFFICIAL SUMMIT BUSINESS IN JAPAN.

14. MR. DEEVER, WHO PLAYED A KEY ROLE IN PICKING AMBASSADORS WHILE HE WAS A PRESIDENTIAL AIDE, CONTINUED TO SUGGEST THAT HE HAD INSIDE INFORMATION ON AMBASSADORIAL APPOINTMENTS AFTER HE LEFT GOVERNMENT. RICHARD L. (DUKIE) WALKER, THE UNITED STATES AMBASSADOR TO SOUTH KOREA, SAID MR. DEEVER HAD TOLD HIM THAT HE WOULD BE RETAINED BY THE PRESIDENT. MR. DEEVER THEN ASKED FOR CONTINUED HELP WITH PRIVATE BUSINESS DEALINGS, MR. WALKER SAID. EMBASSY OFFICIALS SAID THEY COMPLIED WITH VIGOR. WHITE HOUSE OFFICIALS SAID THEY HAD NOT AUTHORIZED MR. DEEVER TO DELIVER THE MESSAGE THAT MR. WALKER WOULD KEEP HIS POST.

ACCESS WAS OBTAINED IN U.S. AND ABROAD

15. EXACTLY WHAT BENEFITS MR. DEEVER HAS PROVIDED TO CLIENTS IS AN OPEN QUESTION. WHILE HE SECURED CONTRACTS AND ACCESS TO GOVERNMENT OFFICIALS HERE AND ABROAD, HIS EFFORTS IN ASIA HAVE RESULTED IN LITTLE GAIN FOR THOSE WHO HIRED HIM.

16. AT A MINIMUM, HIS ACTIVITIES HAVE CAUSED CONCERN IN

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CONGRESS AND THE STATE DEPARTMENT, AND OVERSEAS. STATE DEPARTMENT OFFICIALS SAID HE HAS MEDDLED IN FOREIGN AFFAIRS AND PROMPTED CONFUSION ABOUT WHO SPEAKS FOR THE PRESIDENT, MAKING IT MORE DIFFICULT FOR THE STATE DEPARTMENT TO CARRY OUT FOREIGN POLICY.

17. AT THE WHITE HOUSE, PETER H. WALLISON, THE COUNSEL TO THE PRESIDENT, SAID THAT AFTER CONSULTING WITH SEVERAL OTHERS THERE, HE COULD FIND NO EVIDENCE THAT MR. DEEVER WAS AUTHORIZED TO MAKE ANY REPRESENTATIONS ON BEHALF OF MR. REAGAN OR THE WHITE HOUSE AFTER LEAVING OFFICE. THAT INCLUDED, HE SAID, TAKING MESSAGES TO UNITED STATES AMBASSADORS OR FOREIGN OFFICIALS.

18. MR. WALLISON ALSO SAID HE COULD FIND NO EVIDENCE THAT MR. DEEVER HAD BEEN IN CONTACT WITH THE WHITE HOUSE TO SET UP THE MEETING BETWEEN PRESIDENT REAGAN AND THE KOREAN TRADE OFFICIAL.

19. IN RESPONSE TO AN INQUIRY BY THE TIMES, ADMINISTRATION SOURCES SAID THEY ASKED THE PRESIDENT ABOUT THOSE ISSUES. THE SOURCES QUOTED THE PRESIDENT AS SAYING HE HAD NEVER TALKED TO MR. DEEVER ABOUT ANYTHING INVOLVING HIS FAR EAST BUSINESS OR HIS TRIPS ABROAD AFTER THE AIDE LEFT OFFICE. THE SOURCES ADDED THAT THE PRESIDENT DID NOT RECALL AUTHORIZING THE LOBBYIST TO CARRY ANY MESSAGES.

20. MR. DEANER'S ACTIONS ARE BEING QUESTIONED AT A TIME WHEN THE NUMBER OF HIGH GOVERNMENT OFFICIALS TURNING TO LOBBYING HAS RISEN SHARPLY. THERE IS CONCERN IN CONGRESS THAT THERE ARE GRAY AREAS UNDER CURRENT LAWS GOVERNING LOBBYISTS. ONE INVOLVES WHETHER LOBBYISTS ARE USING THEIR GOVERNMENT CONTACTS TO GAIN UNFAIR ADVANTAGE FOR PRIVATE CLIENTS AND TO INFLUENCE PUBLIC POLICY IN WAYS NOT BENEFICIAL TO AMERICAN INTERESTS.

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21. BILLS HAVE RECENTLY BEEN INTRODUCED TO LIMIT SUCH LOBBYISTS, PARTICULARLY THOSE REPRESENTING FOREIGN GOVERNMENTS.

CIGARETTE CONCERN AND SOUTH KOREA

22. CONGRESSIONAL SOURCE ALSO SAID THEY WERE LOOKING INTO MR. DEEVER'S REPRESENTATION OF AN AMERICAN CIGARETTE COMPANY, PHILIP MORRIS INTERNATIONAL, IN SOUTH KOREA, AS PART OF THEIR INQUIRY.

23. WHILE AT THE WHITE HOUSE IN 1981, MR. DEEVER USHEDED PRESIDENT CHUN DOO HUAN OF SOUTH KOREA INTO THE OVAL OFFICE TO MEET PRESIDENT REAGAN. IN JUNE 1985, MR. DEEVER WAS HIRED BY PHILIP MORRIS TO GAIN ACCESS TO THE RESTRICTIVE SOUTH KOREAN CIGARETTE MARKET, ACCORDING TO THE COMPANY. THAT MARKET IS WORTH PERHAPS 600 MILLION DOLLARS IN SALES, TOBACCO SOURCES SAID. THE LOBBYIST WAS ABLE TO OBTAIN A COVETED MEETING WITH THE KOREAN PRESIDENT ON BEHALF OF THE COMPANY, THE FIRST PHILIP MORRIS AGENT TO DO SO, THE COMPANY SAID.

24. FEDERAL INVESTIGATORS SAID THEY WERE LOOKING INTO HOW MR. DEEVER WAS ABLE TO ARRANGE THE MEETING, AND WHETHER HE HAD OFFERED OR PROMISED ANYTHING TO THE KOREANS.

25. THE F.B.I. HAS ASKED PRESENT AND FORMER WHITE HOUSE OFFICIALS QUESTIONS ABOUT PHILIP MORRIS, ACCORDING TO THE OFFICIALS WHO WERE QUESTIONED. OFFICIALS OF THE CIGARETTE COMPANY SAID THEY WERE CONFIDENT MR. DEEVER HAD

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ACTED ETHICALLY IN PRESENTING THE COMPANY'S BUSINESS PROPOSALS.

26. AMONG LOBBYISTS, ONLY MR. DEEVER IS THE SUBJECT OF AN INVESTIGATION BY AN INDEPENDENT COUNSEL, WHICH BEGAN AFTER IT WAS REQUESTED BY MEMBERS OF CONGRESS, THE JUSTICE DEPARTMENT AND MR. DEEVER. THE GENERAL ACCOUNTING OFFICE, AN INVESTIGATIVE ARM OF CONGRESS, SAID IN A MAY 12 REPORT THAT MR. DEEVER "APPEARS" TO HAVE BROKEN THE LAW ON THE ACID RAIN ISSUE BY ACTING AS A LOBBYIST FOR CANADA ON A MATTER ON WHICH HE HAD "SUBSTANTIAL INTEREST" WHILE AT THE WHITE HOUSE.

27. TOMORROW THE HOUSE SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS PLANS TO DISCUSS WHETHER TO APPROVE A STAFF REPORT ASKING THE INDEPENDENT COUNSEL TO INVESTIGATE "POSSIBLE PERJURY" BY MR. DEEVER IN CONNECTION WITH HIS TESTIMONY ON THAT AND OTHER ISSUES.

28. A MAIN REASON FOR THE INQUIRIES, CONGRESSIONAL SOURCES SAY, IS HIS CLOSE PERSONAL RELATIONSHIP WITH PRESIDENT REAGAN AND HIS WIFE, NANCY, AND THE WAY IN WHICH HE APPEARED TO USE THAT RELATIONSHIP IN SO MANY LOBBYING ACTIVITIES SO SOON AFTER LEAVING OFFICE.

29. THAT RELATIONSHIP GOES BACK NEARLY 60 YEARS TO 1967, WHEN MR. REAGAN WAS ELECTED GOVERNOR OF CALIFORNIA. MR. DEEVER JOINED HIM AS AN AIDE AND BECAME CHIEF OF STAFF. IN 1976, MR. DEEVER SAVED MR. REAGAN'S LIFE AS A STARTLED NANCY REAGAN LOOKED ON BY USING THE HEIMLICH MANEUVER TO DISLodge FOOD CAUGHT IN THIS THROAT.

3. AT THE WHITE HOUSE, MR. DEEVER'S OFFICE WAS RIGHT NEXT TO THE OVAL OFFICE AND HE OFTEN DROPPED BY THE

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REAGANS' LIVING QUARTERS AFTER WORK FOR A DRINK AND A CHAT. MR. DEEVER IS CONSIDERED ESPECIALLY CLOSE TO NANCY REAGAN; HE COMFORTED HER WHEN MR. REAGAN WAS SHOT ON MARCH 30, 1981. LAST YEAR, MR. REAGAN CALLED MR. DEEVER'S ASSOCIATION "A RELATIONSHIP THAT IS PART OF OUR LIFE-SUPPORT SYSTEM." AFTER HE LEFT WHITE HOUSE SERVICE, MR. DEEVER CONTINUED TO BE A FREQUENT GUEST THERE.

ACCESS AND TURMOIL IN SOUTH KOREA

31. IN HIS ASIAN BUSINESS DEALINGS, ACCORDING TO AMERICAN AND ASIAN OFFICIAL, MR. DEEVER ON VARIOUS OCCASIONS BROUGHT GREETINGS FROM MR. REAGAN. THIS, THEY SAID, MADE IT APPEAR AS IF HE WAS SPEAKING FOR THE PRESIDENT. AMERICAN AND ASIAN BUSINESSMEN AND OFFICIALS SAID MR. DEEVER HAS BEEN WIDELY PERCEIVED AS BEING A CONDUIT FOR THE REAGANS' WISHES.

32. IN OREA, HIS ACTIONS HAVE HEIGHTENED POLITICAL TURMOIL. RECENT STUDENT DEMONSTRATIONS AT THREE SEOUL UNIVERSITIES DENOUNCED MR. DEEVER, SAYING HE HAD INTERFERED IN KOREAN INTERNAL ECONOMIC AFFAIRS.

33. EVEN SUPPORTERS OF SOUTH KOREA'S RULING PARTY SAID THEY WERE DISTURBED OVER THE APPEARANCE THAT THEY WERE BUYING INFLUENCE.

34. "MR. DEEVER IS A GOVERNMENT EMBARRASSMENT," SAID HUH-HOA MOON, PRESIDENT OF THE KOREA INSTITUTE FOR ECONOMICS AND TECHNOLOGY, A GOVERNMENT-SPONSORED RESEARCH ORGANIZATION IN SEOUL.

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35. PONG DU HAN, CHAIRMAN OF THE NATIONAL ASSEMBLY'S FOREIGN RELATIONS COMMITTEE, SAID, "WE ARE EMBARRASSED BY DEEVER BUT WE CAN'T FIRE HIM: HE IS THE FRIEND OF PRESIDENT REAGAN."

36. MR. DEEVER WAS HIRED BY THE KOREANS AFTER A NUMBER OF AMERICAN LOBBYISTS THAT THE KOREANS HAD PREVIOUSLY ENGAGED FAILED TO SOFTEN MOUNTING TRADE PRESSURE FOR THE ASIAN COUNTRY TO OPEN ITS MARKETS TO AMERICAN GOODS.

37. THE SOUTH KOREAN OFFICIALS APPARENTLY HAD HIGH HOPES ABOUT MR. DEEVER'S ABILITY TO GET THINGS DONE. MR. DEEVER, WHO HAD BEEN A KEY WHITE HOUSE AIDE AND BEFORE THAT, THE OWNER OF A PUBLIC RELATIONS FIRM, HAD LITTLE EXPERIENCE IN COMPLEX TRADE ISSUES OR KOREAN POLITICS AND ECONOMICS. BUT HE DID HAVE A QUALITY CONSIDERED IMPORTANT IN ASIA: ACCESS TO THE PRESIDENT. MANY AMERICAN AND KOREAN SOURCES SAID THAT OFFICIALS IN MUCH OF ASIA DO NOT UNDERSTAND THAT AN AMERICAN PRESIDENT'S POWER TO BENEFIT BUSINESS FRIENDS IS LIMITED.

38. "THIS PART OF THE WORLD OPERATES ON CONNECTIONS," AMBASSADOR WALKER SAID. WITH MR. DEEVER, HE SAID, "THE KOREANS WERE LOOKING FOR A QUICK FIX."

KOREAN CARRIED LETTER TO REAGAN

39. THE APPARENT KEY TO MR. DEEVER'S KOREAN BUSINESS WAS
IM HILWAN, WHO LAST SUMMER WAS A KOREAN TRADE ADVISER.

40. MR. KIM SAID IN AN INTERVIEW THAT HE MET MR. DEEVER
IN WASHINGTON EARLY IN JULY 1985. THEY AND LEE BYONG
HON, AT THE TIME THE SOUTH KOREAN AMBASSADOR TO THE
UNITED STATES, HAD LUNCH AT A RESTAURANT NEAR THE KOREAN
EMBASSY. "DEEVER SAID HE WOULD BE MAKING A TRIP TO THE

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FAR EAST," MR. KIM RECALLED. "I SAID, 'CALL AND LET'S
HAVE LUNCH.' WE EXCHANGED PLEASANTRIES. IT WAS A SOCIAL
LUNCH."

41. WHEN MR. DEEVER ARRIVED IN SEOUL, HE HAD LUNCH WITH
MR. KIM, ON JULY 11, 1985, IN ROOM 2121 OF THE SEOUL
PLAZA HOTEL, WHERE MR. KIM HAS A PRIVATE SUITE
OVERLOOKING THE CITY. MR. KIM SAID THAT MR. DEEVER "WAS
LOOKING FOR BUSINESS CLIENTS" IN KOREA.

42. THE TRADE CLIMATE * WORSENING. KOREANS LEFT
COPYING UNITED STATES BOOKS AND TAPES WITHOUT PAYING
ROYALTIES AND SHARPLY LIMITING AGRICULTURAL IMPORTS. THE
AMERICANS THREATENED TO LIMIT IMPORTS FROM SOUTH KOREA,
WHICH SENDS 40 PERCENT OF ITS 30 BILLION DOLLARS IN
ANNUAL EXPORTS TO THE UNITED STATES, ITS LARGEST TRADING
PARTNER.

43. SO PRESIDENT CHUN OF SOUTH KOREA DECIDED TO HAVE MR.
KIM HAND MR. REAGAN A PERSONAL LETTER SAYING THE KOREANS
WERE YIELDING TO UNITED STATES PRESSURE AS FAST AS
POSSIBLE, MR. KIM SAID.

44. STATE DEPARTMENT OFFICIALS SAID THEY OPPOSED THE
MEETING BETWEEN MR. REAGAN AND MR. KIM. "PRESIDENT
CHUN'S LETTER COULD HAVE BEEN PASSED TO THE PRESIDENT
THROUGH LESS EXALTED MEANS," AS OFTEN OCCURS WITH LETTERS
FROM FOREIGN LEADERS, A SENIOR STATE DEPARTMENT OFFICIAL
SAID.

45. MR. WALKER SAID THE MEETING WAS SUGGESTED DURING A
PHONE CALL FROM AMBASSADOR WALKER TO MR. DEANER LAST
OCTOBER 1. IM KIMHAY IS "AN OLD FRIEND, SOMETIME I HAVE

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KNOWN FOR 25 YEARS," MR. WALKER SAID. HE SAID HE CALLED MR. DEEVER IN WASHINGTON BECAUSE "HE WAS THE MAN WHO HAD BEEN ARRANGING APPOINTMENTS FOR MR. REAGAN OVER THE YEARS."

46. MR. WALKER AT FIRST SAID HE HAD, HAD NO ROLE IN SETTING UP THE MEETING AND WAS UNAWARE OF ANY ROLE PLAYED BY MR. DEEVER. "WE DON'T ARRANGE MEETINGS WITH RONALD REAGAN." THE AMBASSADOR SAID IN SEOUL. BUT TWO WEEKS LATER MR. WALKER CALLED THE TIMES IN WASHINGTON TO SAY, "MY MEMORY WAS INCORRECT." HE SAID THAT MR. DEEVER HAD SUGGESTED THE MEETING TO HIM, AND THE AMBASSADOR SUGGESTED THE MEETING TO THE WHITE HOUSE.

47. AT THE WHITE HOUSE, THE REQUEST FOR THE MEETING WAS HANDLED BY THE NATIONAL SECURITY COUNCIL, WHICH IS PART OF THE EXECUTIVE OFFICE OF THE PRESIDENT. GASTON SIGUR, THEN A NATIONAL SECURITY COUNCIL AIDE, SAID HE RECEIVED THE REQUEST THROUGH "UNUSUAL CHANNELS" BUT HE SAID HE DID NOT KNOW IF MR. DEEVER WAS INVOLVED. HE WOULD NOT ELABORATE.

STATE DEPARTMENT AIDES CITE DEEVER ROLE

48. TWO STATE DEPARTMENT OFFICIALS SAID MR. DEEVER'S SUPPORT FOR THE MEETING WAS IMPORTANT IN BRINGING IT ABOUT. THEY SAID IT LASTED A FEW MINUTES AND WAS ARRANGED OUTSIDE NORMAL DIPLOMATIC CHANNELS. "MIKE DEEVER SET UP THE MEETING," SAID A STATE DEPARTMENT OFFICIAL SPECIALIZING IN KOREAN AFFAIRS. ANOTHER STATE DEPARTMENT OFFICIAL SAID MR. DEEVER ARRANGED FOR MR. KIM TO BE "PARADED INTO THE PRESIDENT'S OFFICE," WHERE MR. REAGAN WAS HANDED THE LETTER AND A PICTURE WAS TAKEN.

49. IN A LETTER TO THE TIMES, MR. DEEVER'S LAWYER,

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HERBERT A. MILLER, JR., SAID "THE MEETING BETWEEN DR. KIM AND PRESIDENT REAGAN WAS SET UP THROUGH NORMAL DIPLOMATIC CHANNELS."

50. THE MEETING OCCURRED ON OCTOBER 6, ONE DAY AFTER MR. DEEVER'S PHONE CALL WITH MR. WALKER, ACCORDING TO GOVERNMENT OFFICIALS. STATE DEPARTMENT OFFICIALS HAVE REMARKED ON THE UNUSUAL SPEED WITH WHICH THE MEETING WAS ARRANGED AND ALSO COMMENTED ON HOW UNUSUAL IT WAS FOR MR. REAGAN TO MEET IN THE OVAL OFFICE WITH A FOREIGN OFFICIAL WHO LACKED MINISTERIAL RANK. "IT IS NEARLY IMPOSSIBLE TO DO THAT," ONE STATE DEPARTMENT OFFICIAL SAID.

51. THE PREVIOUS DAY THE KOREAN CULTURAL SOCIETY, A GOVERNMENT-FINANCED AGENCY, SIGNED A \$75,000 DOLLAR CONTRACT WITH MR. DEEVER'S LOBBYING FIRM.

52. MR. CHIN SAID, "I WAS A SPECIAL ENVOY; IT WAS A GLOBE-TROTTER NAME FOR A MESSENGER BOY." BUT HE DENIED THAT MR. DEEVER SET UP THE MEETING OR THAT ANY CONNECTION EXISTED BETWEEN THE MEETING AND THE CONTRACT.

53. POLITICAL AND DIPLOMATIC SOURCES IN WASHINGTON AND SEOUL SAID THE MEETING APPEARED TO BE A FORCEFUL DEMONSTRATION TO THE SOUTH KOREANS OF MR. DEEVER'S CONTINUING INFLUENCE AT THE WHITE HOUSE.

54. THE LETTER FROM MR. CHIN DELIVERED BY MR. KIM TO MR. REAGAN FAILED, HOWEVER, TO EASE UNITED STATES TRADE PRESSURE. LAST MONTH SOUTH KOREA YIELDED AND SAID IT WOULD OPEN ITS MARKETS TO INSURERS AND COPYRIGHT PROTECTION.

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CONCERN SEE S HELP ON TRADE ISSUES

55. THREE WEEKS LATER, ON OCTOBER 24, MR. DEEVER SIGNED A \$50,000 DOLLAR CONTRACT WITH DAEWOO, A HUGE SOUTH KOREAN INDUSTRIAL COMPANY, TO HELP IT IN TRADE RELATIONS WITH THE UNITED STATES. THAT INVOLVED DEALING WITH OIL-FIRE AND TIRE TARIFFS AND SETTLING A \$5 MILLION DOLLAR CUSTOMS CIVIL CASE OVER STEEL DUMPING. IN JANUARY 1985, DAEWOO PLEADED GUILTY TO CRIMINAL CHARGES OF STEEL DUMPING THAT INVOLVED SUBMITTING FALSE PRICE RECORDS TO AVOID TARIFFS.

56. DAEWOO'S CHAIRMAN, KIM WOO CHONG, SAID MR. DEEVER WAS HIRED AFTER THE COMPANY WAS "BITTERLY DISAPPOINTED" BY THE STEEL INDICTMENT. HE HAD EXPECTED TO AVOID CHARGES BECAUSE DAEWOO HAD RETAINED THE LAW FIRM OF ROBERT S. STRAUSS, THE FORMER DEMOCRATIC CHAIRMAN AND FORMER UNITED STATES TRADE REPRESENTATIVE.

57. "IT WAS NOT PROPERLY HANDLED," THE CHAIRMAN SAID, ADDING THAT MR. STRAUSS SHOULD HAVE TAKEN A STRONGER PERSONAL ROLE IN THE MATTER, INSTEAD OF PUTTING "JUNIOR LAWYERS" IN CHARGE.

58. MR. STRAUSS DISPUTED THAT JUNIOR LAWYERS HAD HANDLED THE CASE. "THE LAWYERS WHO HANDLED HIS MATTERS WERE ACCUSTOMED TO HANDLING IMPORTANT CASES," HE SAID.

59. MR. STRAUSS DECLINE TO CHARACTERIZE DAEWOO'S INTENTIONS. BUT ANOTHER FORMER TOP REAGAN ADMINISTRATION OFFICIAL WHO WAS AN ATTORNEY FOR DAEWOO SAID ITS OFFICIALS "DON'T UNDERSTAND OUR SYSTEM OF GOVERNMENT -- THEY THINK THAT IF YOU GET THE RIGHT LAWYER, YOU CAN FIX ANYTHING."

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60. JUST WHAT MR. DEEVER HAS BEEN ABLE TO DO FOR DAEWOO IS UNCLEAR. THE 65 MILLION DOLLAR STEEL DUMPING CASE IS STILL PENDING, MORE TARIFFS HAVE BEEN ORDERED ON ITS OIL RIGS AND IT HAS BEEN UNABLE TO REDUCE TARIFFS ON ITS TIRES.

61. BUT THE DAEWOO CHAIRMAN TAKES A BROADER VIEW OF MR. DEEVER'S REPRESENTATION OF KOREANS.

62. "HE'S ADVISED TO THE WHOLE COUNTRY," THE EXECUTIVE SAID OF MR. DEEVER. "HE HAS INTRODUCED US TO BUSINESSMEN SAID GOVERNMENT OFFICIALS. HE KNOWS U.S. AMBASSADORS AND OFFICIALS OF OTHER GOVERNMENTS. HE GIVES US INFORMATION ABOUT WHAT IS GOING ON IN WASHINGTON."

63. EXAMPLES ARE PROVIDED BY A DOCUMENT FILED WITH THE JUSTICE DEPARTMENT ON JUNE 27 BY MICHAEL V. DEEVER AND ASSOCIATES, SUMMARIZING THE LOBBYING FIRM'S EXPENDITURES AND LOBBYING CONTACTS OVER A PERIOD OF SEVERAL MONTHS. SUCH DOCUMENTS ARE REQUIRED BY LAW. IN OCTOBER AND MARCH THE FIRM, WITH MR. DEEVER PRESENT, GAVE A LUNCH AND A DINNER ATTENDED BY UNITED STATES GOVERNMENT OFFICIALS INVOLVED WITH ISSUES IMPORTANT TO MR. DEEVER'S CLIENTS, INCLUDING DAEGOO, WHOSE OFFICIALS ALSO WERE PRESENT. TWO WHITE HOUSE OFFICIALS ATTENDED ONE OF THE FUNCTIONS. FEDERAL INVESTIGATORS ARE TRYING TO DETERMINE IF MR. DEEVER ATTEMPTED TO INFLUENCE THEM.

CONFESSION IS CITED AMONG JAPANESE AIDES

64. IN JANUARY AND MARCH, ACCORDING TO AMERICAN AND

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JAPANESE DIPLOMATS, MR. DEEVER TRAVELED TO TOKYO AS A PRIVATE CITIZEN BUT ATTEMPTED TO DISCUSS OFFICIAL MATTERS AND HIS OWN BUSINESS WITH SENIOR GOVERNMENT OFFICIALS. AMERICAN AND JAPANESE DIPLOMATS SAY SOME OF THE ACTIONS CAUSED CONFUSION AND OTHERS WERE INAPPROPRIATE.

65. MR. DEEVER MET WITH PRIME MINISTER YASUHIRO NAKASONE TO DISCUSS PREPARATIONS FOR THE UPCOMING ECONOMIC SUMMIT. JAPANESE OFFICIALS SAID THE MEETING WAS A COURTESY. THE UNITED STATES AMBASSADOR, MIKE MANSFIELD, WHO ATTENDED THE MEETING, SAID MR. NAKASONE SAW THE LOBBYIST "BECAUSE OF HIS PREVIOUS CONNECTIONS WITH THE WHITE HOUSE."

66. DURING THE MEETING, MR. DEEVER "INVOKED THE PRESIDENT'S NAME SEVERAL TIMES -- HE EXTENDED THE PRESIDENT'S REGARDS," MR. MANSFIELD SAID.

67. A SENIOR WHITE HOUSE OFFICIAL IN WASHINGTON SAID MR. DEEVER, WITHOUT WHITE HOUSE APPROVAL, ALSO SURVEYED SITES FOR POSSIBLE PUBLIC APPEARANCES BY MR. NAKASONE AND MR. REAGAN.

68. MR. DEEVER'S VOLUNTEERED ACTIONS CONFUSED THE JAPANESE BECAUSE THERE WAS ALREADY A WHITE HOUSE TEAM THERE ADVANCING THE SUMMIT, INCLUDING CHOOSING SITES, A JAPANESE FOREIGN MINISTRY OFFICIAL SAID. HE SAID THE JAPANESE HAD NOT ASKED MR. DEEVER TO MAKE ANY SUMMIT

69. MR. DEEVER ALSO ASKED EMBASSY OFFICIALS TO SET UP TALKS WITH OTHER JAPANESE CABINET MEMBERS AT THE REQUEST OF HIS PRIVATE CLIENT, THE INVESTMENT FIRM OF SMITH BARNEY HARRIS UPHAM AND COMPANY, ACCORDING TO EMBASSY OFFICIALS. THE LOBBYIST WANTED TAX BREAKS FOR JAPANESE COMPANIES THAT INVESTED IN PUERTO RICO, WHOSE FINANCINGS

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SMITH BARNEY HANDLED. BUT MR. MANSFIELD AND SECRETARY OF STATE GEORGE P. SHULTZ SAID IN AN EXCHANGE OF CABLES THAT IT WAS INAPPROPRIATE FOR PUERTO RICO, AS A COMMONWEALTH, TO NEGOTIATE DIRECTLY WITH A FOREIGN COUNTRY.

70. THE UNITED STATES EMBASSY NOTIFIED THE JAPANESE OFFICIALS OF ITS POSITION, AND THE OFFICIALS DECLINED TO SEE MR. DEEVER.

U.S. EMBASSY PROVIDES HELP IN SOUTH KOREA

71. MR. DEEVER HAD NO SUCH TROUBLE IN KOREA. THE

LOBBYIST GOT UNCOMMON ACCESS TO HIGH SOUTH KOREAN OFFICIALS WITH EMBASSY AID.

72. ON JULY 8, 1985, TWO MONTHS AFTER LEAVING THE WHITE HOUSE, MR. DEEVER SAW THE KOREAN PRIME MINISTER, DEPUTY PRIME MINISTER, FINANCE MINISTER, CHIEF PRESIDENTIAL ECONOMIC ADVISOR, NATIONAL SECURITY DIRECTOR, FOREIGN MINISTER, TRADE MINISTER, CULTURE AND INFORMATION MINISTER AND OTHER GOVERNMENT AND INDUSTRY LEADERS, ACCORDING TO AN ITINERARY PREPARED AT THE AMERICAN EMBASSY. AN EMBASSY OFFICIAL ACCOMPANIED HIM.

73. "THE EMBASSY TURNED ITSELF INSIDE OUT FOR MR. DEEVER," A HIGH EMBASSY OFFICIAL RECALLED.

74. BUSINESS AND GOVERNMENT OFFICIALS IN SEOUL SAID AMBASSADOR WALKER BELIEVED MR. DEEVER DESERVED SPECIAL TREATMENT BECAUSE OF HIS WHITE HOUSE ACCESS AND INFLUENCE. MR. WALKER TOOK HIS POST IN 1981, AND WAS SUBJECT TO BEING RECALLED UNDER A RULE LIMITING THE TERMS

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75. ACCORDING TO MR. WALKER, THE ISSUE OF HIS CONTINUED SERVICE WAS BROUGHT UP BY MR. DEEVER DURING DRINKS WITH THE AMBASSADOR AND HIS WIFE IN SEOUL LAST JANUARY 26. MR. WALKER SAID HE HAD BEEN TOLD BY MR. DEEVER THAT THE PRESIDENT HAD DECIDED TO RETAIN HIM AS AMBASSADOR. A SENIOR WHITE HOUSE OFFICIAL SAID MR. WALKER HAD NOT BEEN OFFICIALLY TOLD HE WAS BEING RETAINED, BUT HE HAD HEARD ABOUT IT THROUGH THE GRAPEVINE.

76. MR. DEEVER THEN ENLISTED THE AMBASSADOR'S CONTINUED AID IN MAKING KOREAN BUSINESS CONTACTS, MR. WALKER SAID, ADDING THAT HE DIRECTED EMBASSY OFFICIALS TO HELP. MR. WALKER SAID HE WANTED TO AID AMERICAN BUSINESS. BUT BUSINESSMEN IN SEOUL SAID THE HELP FOR MR. DEEVER WAS UNUSUALLY VIGOROUS.

77. THE AMBASSADOR SAID, "UNDER NO CIRCUMSTANCES DO I OWE MY APPOINTMENT TO MR. DEEVER." MR. WALKER SAID MR. DEEVER HAD NEVER INDICATED THAT THE AMBASSADOR OWED HIM ANY FAVORS.

78. A SENIOR WHITE HOUSE OFFICIAL SAID THAT IF MR. DEEVER TOLD MR. WALKER OF HIS RETENTION, "IT WOULD BE JUST COMPLETELY UNAUTHORIZED."

HELPING CIGARETTE MAKER IN SOUTH KOREA

79. MR. DEWEY'S TASK OF PHILIP MORRIS WAS TO PENETRATE
THE WORLD'S 14TH LARGEST CIGARETTE MARKET, WHICH IS BY
FAR THE MOST RESTRICTIVE. AMERICAN TOBACCO COMPANIES
HAVE FAILED FOR 20 YEARS TO SOFTEN RULES THAT INCLUDE

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MAIL TERMS AND 1,000 DOLLAR FINES FOR KOREANS POSSESSING
FOREIGN CIGARETTES.

80. TOBACCO IS A VERY POLITICAL ISSUE AND A VERY
EMOTIONAL ISSUE," SAID SAKONG II, PRESIDENT CHUN'S CHIEF
ECONOMIC ADVISOR. IT IS A MAJOR SOURCE OF INCOME FOR
130,000 SOUTH KOREAN FARM FAMILIES. NEARLY 9 PERCENT OF
GOVERNMENT REVENUES COME FROM THE 1.9 BILLION DOLLARS IN
ANNUAL SALES BY A GOVERNMENT MONOPOLY THAT MAKES AND
SELLS CIGARETTES.

81. MANY KOREANS PREFER AMERICAN CIGARETTES WHEN THEY CAN GET THEM ON THE BLACK MARKET. THEY ARE SOLD TO FOREIGNERS AT MILITARY BASES, HOTELS AND DUTY FREE SHOPS AND COMPRISE ABOUT ONE PERCENT OF THE MARKET.

82. "OUR MARKET IS VERY VULNERABLE TO AMERICAN CIGARETTES," ADM. YOUNGKIL CHO, THE DIRECTOR GENERAL OF SOUTH KOREA'S MONOPOLY OFFICE, TOLD THE TIMES IN HIS FIRST INTERVIEW WITH A FOREIGN PUBLICATION. SOUTH KOREAN GOVERNMENT ESTIMATES SAY AN AMERICAN COMPANY COULD CAPTURE 30 PERCENT OF THE MARKET, OR MORE THAN 600 MILLION DOLLARS A YEAR.

83. IN 1984, THE MONOPOLY OFFICE REJECTED AS INADEQUATE A TEST CIGARETTE MADE BY PHILIP MORRIS WITH KOREAN TOBACCO.

84. PHILIP MORRIS THEN TRIED A DIFFERENT TACK. IT HIRED EUGENE P. FORRESTER, A RETIRED UNITED STATES ARMY GENERAL WHO HAD SERVED IN SOUTH KOREA AND POSSESSED CONTACTS IN THE POWERFUL SOUTH KOREAN MILITARY. IT ALSO HIRED MICHELLE LAXALT, A WASHINGTON LOBBYIST AND DAUGHTER OF

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SENATOR PAUL LAXALT, REPUBLICAN OF NEVADA. THE SENATOR IS A CLOSE FRIEND OF MR. REAGAN'S. MS. LAXALT AGREED TO LOBBY WASHINGTON LAWMAKERS EXCEPT FOR HER FATHER'S COMMITTEES BUT REFUSED A COMPANY REQUEST TO LOBBY KOREAN OFFICIALS IN SEOUL, ACCORDING TO WASHINGTON SOURCES. HER CONTRACT EXPIRED IN JUNE 1985.

85. IT WAS THEN THAT PHILIP MORRIS HIRED MR. DEEVER.

86. COMPANY OFFICIALS SAID THEY HIRED MR. DEEVER FOR HIS GOVERNMENT RELATIONS EXPERIENCE, NOT FOR ANY WHITE HOUSE CONNECTIONS. "WE DIDN'T APPROACH HIM FOR THAT ADVANTAGE AND IN THE COURSE OF HIS PERFORMING HIS CONSULTANCY FUNCTIONS, NONE OF THAT WAS EVER INVOLVED," SAID OWEN C. SMITH, SENIOR ASSISTANT GENERAL COUNSEL OF THE PHILIP MORRIS COMPANIES, INC.

MEETING ARRANGED WITH KOREAN LEADER

87. IN JULY AND OCTOBER OF 1985, MR. DEEVER MET WITH PRESIDENT CHUN, ACCORDING TO SAKONG II AND OTHERS WERE. PHILIP MORRIS OFFICIALS SAID MR. DEEVER WAS THE FIRST AGENT FOR THE COMPANY TO SEE MR. CHUN SINCE HE BECAME PRESIDENT IN 1980.

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PAGE 03

STATE 050344

CITIZENS, FAR SHORT OF WHAT AMERICAN AND KOREAN TRADE AND TOBACCO SOURCES SAID PHILIP MORRIS HAD SOUGHT.

90. MR. DEEVER'S LAWYER, MR. MILLER, SAID IN HIS LETTER TO THE TIMES THAT "THE CHANGE IN THE TOBACCO MONOPOLY LAW WAS A POLICY DECISION MADE IN RESPONSE TO THE KOREAN GOVERNMENT'S COMMITMENT TO THE LIBERALIZATION OF ITS BILATERAL TRADE PRACTICES."

91. THE TOBACCO SOURCES SAID THAT ANY EXCLUSIVE ARRANGEMENT WITH PHILIP MORRIS MAY BE DEAD BECAUSE OF PUBLICITY ABOUT MR. DEEVER.

92. INDEED, MANY INFLUENTIAL KOREANS SAY MR. DEEVER HAS NOT BEEN VERY EFFECTIVE FOR HIS CLIENTS. AND ADMINISTRATION OFFICIALS IN BOTH KOREA AND THE UNITED STATES SAY THEY ARE NOW CONCERNED ABOUT PUBLICITY AND INVESTIGATIONS INVOLVING THEIR RELATIONSHIP WITH MR. DEEVER.

93. "EVERYBODY REALIZES THAT THIS RELATIONSHIP HAS NOT BEEN AS USEFUL AS HE HAD HOPED," KIM KIHWAN SAID.

END TEXT. WHITEHEAD

88. AMERICAN AND GREEK CIGARETTE BUSINESSMEN FAMILIAR
WITH THE MEETINGS SAID PRESIDENT CHUN DECIDED TO GIVE
PHILIP MORRIS THE EXCLUSIVE RIGHT TO SELL FOREIGN
CIGARETTES TO KOREANS OVER MONOPOLY OFFICE OBJECTIONS,
ALTHOUGH NO DECISION HAS BEEN ANNOUNCED. MR. CHUN
DECLINED TO BE INTERVIEWED.

89. ON JULY 31, KOREA SAID IT WOULD OPEN TO FOREIGN
BRANDS ONE PERCENT OF THE CIGARETTE MARKET FOR ITS OWN

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VZCZCEON 1701025

0100722Z JUN 86

FM BONN (211-3)

TO DIRECTOR IMMEDIATE

BT

UNCLAS E F T O

ATTN: CID, PUBLIC CORRUPTION UNIT, SSA [REDACTED]

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST. OO: FBIHQ.

REBUCAB, JUNE 13, 1986, AND FBIHQ TELCALLS TO BONN,
ASSISTANT LEGAT DAVID R. BARKAM, JUNE 13, 1986.

ASIDE FROM BUREAU AIRTELS CAPTIONED ETHICS IN GOVERNMENT
ACT OF 1978, WHICH ENCLOSED LIST OF U.S. GOVERNMENT OFFICIALS
SUBJECT TO THE ACT, BONN INDICES CONTAIN NO REFERENCE TO
SUBJECT.

AS NOTED IN REFERENCED TELCALL, THE U.S. EMBASSY, BONN,
HAS BEEN CONTACTED VIA STATE DEPARTMENT CHANNELS RE INTERVIEW
OF AMBASSADOR RICHARD R. BURT. AMBASSADOR BURT IS CURRENTLY
ON VACATION IN SOUTH FRANCE, BUT WILL BE BACK IN BONN WEEK
OF JUNE 23, 1986, AND HAS TIME ON HIS CALENDAR TO BE INTERVIEWED
ON JUNE 25, 1986.

211-25-61
[Signature]
TAC/224

OCT 27 1986

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PAGE TWO - DON 211-3 UNCLAS E F T O

DEPUTY CHIEF OF MISSION JAMES R. DOBBINS ADVISED LEGAT THAT HE IS CERTAIN THAT AMBASSADOR BURT WILL BE AVAILABLE AND COOPERATIVE FOR FBI INTERVIEW ON JUNE 25, 1986. DOBBINS NOTED THAT A CONGRESSIONAL INVESTIGATIVE COMMITTEE IS ALSO SCHEDULED TO ARRIVE BONN SOON TO CONDUCT THEIR OWN INTERVIEW OF AMBASSADOR BURT AND ATTORNEYS FOR SUBJECT DEEVER HAVE ALSO INDICATED INTENTION TO TRAVEL TO BONN TO INTERVIEW AMBASSADOR BURT. DOBBINS STATED HE WAS PLANNING TO HAVE THE EMBASSY LEGAL ADVISOR, KEN PROPP, (STATE DEPARTMENT ATTORNEY) SIT IN ON THESE INTERVIEWS AND ASKED WHETHER LEGAT ALSO PLANNED TO PARTICIPATE. LEGAT WAS NON-COMMITTAL AND GENERALLY RESPONDED THAT LEGAT WOULD PROBABLY NOT PARTICIPATE. DOBBINS INDICATED THAT SINCE THERE ARE AT THE MOMENT AT LEAST THREE GROUPS INTENDING TO INTERVIEW AMBASSADOR BURT IN THE VERY NEAR FUTURE, HE FELT IT WOULD BE ADVISABLE TO HAVE SOME "INDEPENDENT" OBSERVER PRESENT DURING THESE INTERVIEWS TO SUBSTANTIATE AND/OR CLARIFY ANY DIFFERENCES THAT MAY ARISE IN THE INTERVIEWS REPORTED BY THESE THREE SEPARATE ENTITIES. LEGAT IS NOT DESIROUS OF "SITTING IN" ON THESE SERIES OF INTERVIEWS, BUT WOULD APPRECIATE FBIHQ' COMMENT AND GUIDANCE.

PAGE THREE - BON 211-3 UNCLAS E F T O

REQUEST OF FBIHQ:

1. ADVISE DETAILS OF TRAVEL OF WFO AGENTS TO BONN, I.E. IDENTITIES, ITINERARIES, ETC., AND WHETHER LEGAT OR STATE DEPARTMENT IS MAKING HOUSING AND TRANSPORTATION ARRANGEMENTS.

2. PLEASE FURNISH COMMENT ON WHETHER LEGAT SHOULD SIT IN ON OR OTHERWISE PARTICIPATE IN INTERVIEWS OF AMBASSADOR BURT BY FBI, CONGRESSIONAL COMMITTEE AND ATTORNEYS FOR SUBJECT DEAYER.
BT

FORMS.TEXT HAS 1 DOCUMENT

INBOX.89 (#5209)

TEXT:

SJ00001 1692200Z

OO HQ

DE SJ

O 182200Z JUN 86

FM SAN JUAN (58A-170) (RUC)

b6
b7C

TO DIRECTOR, FBI (IMMEDIATE)

ATT: SA PUBLIC CORRUPTION UNIT,
(CRIMINAL INVESTIGATIVE DIVISION)

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BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT OF
INTEREST; OO:FBIHQ

REFERENCE FBIHQ TELETYPE TO ALL FBI FIELD OFFICES, DATED 6/13/86.

ON 6/18/86, A SEARCH OF ALL SAN JUAN INDICES SYSTEMS WAS CONDUCTED
WITH NEGATIVE RESULTS FOR THE NAME MICHAEL K. DEEVER.

IF ANY ADDITIONAL INFORMATION COMES TO THE ATTENTION OF THE SAN
JUAN DIVISION, FBIHQ WILL BE ADVISED IMMEDIATELY.

BT

2 JUL 1 1986

JUL 1 1986

VZCZCOTT548 1701622

O 191425Z JUN 86

FM LEGAL ATTACHE OTTAWA (211-3) (P)

b6
b7C

TO DIRECTOR IMMEDIATE (ATTN: [REDACTED] PUBLIC CORRUPTION
UNIT, CRIM. INVEST. DIV.)

WASHINGTON FIELD IMMEDIATE (ATTN: [REDACTED])

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST; OO: FBIHQ

RE OTTAWA TEL 6/17/86.

RETELCALL OF SA [REDACTED] WFO, TO LEGAT OTTAWA 6/19/86.

ON 6/19/86 JOHN ROUSE, DEPUTY CHIEF OF MISSION, U. S. EMBASSY,
OTTAWA, ADVISED THAT HE HAD BEEN INFORMED BY THE CANADIAN DEPARTMENT
OF EXTERNAL AFFAIRS THAT [REDACTED] WAS AN EMPLOYEE OF THE
DEPARTMENT OF EXTERNAL AFFAIRS WORKING IN THE OFFICE OF CANADIAN ACID
RAIN SPECIAL [REDACTED] EXTERNAL AFFAIRS HAS REQUESTED THAT

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[REDACTED] NOT BE INTERVIEWED UNTIL THEY HAVE HAD AN OPPORTUNITY TO
FURTHER ASSESS THE IMPLICATIONS OF SUCH AN INTERVIEW. b6
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WITH REGARD TO SA [REDACTED] REQUEST THAT LEGAT OTTAWA ARRANGE AN
INTERVIEW OF U. S. AMBASSADOR THOMAS M.T. NILES, ON 6/19/86 AMBASSADOR
NILES ADVISED THAT HE WOULD BE AVAILABLE FOR INTERVIEW THE WEEK OF
6/30/86.

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.24 (#4295)

TEXT

VZCZCRH0011

RR HQ

DE RH #0011 1672133

ZNY UUUUU

R 162043Z JUN 86

FM FBI RICHMOND (66-2814)

TO DIRECTOR FBI ROUTINE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST; OO: FBIHQ

RE BUREAU TELETYPE TO ALL FBI FIELD OFFICES, JUNE 13, 1986.

FOR INFORMATION OF THE BUREAU, A SEARCH OF INDICES RELATIVE TO
MICHAEL K. DEEVER WAS MADE AND NO PERTINENT INFORMATION CONCERNING
THE INVESTIGATION BY THE INDEPENDENT COUNSEL WAS LOCATED.

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211-2000

3 JUN 1 1986

TEXTG DOES NOT EXIST
CANNOT FIND THE FORM

ENBCK 10 (#4572)

TO: HQ1 @ EMH1

FROM: BS @ EMH1

SUBJECT: 168/0006 IMMEDIATE

DATE: 17 JUN 86 15 26 15 GMT

CC:

TEXT:

BS00006 1681526Z

OO HQ

DE BS

O 171420Z JUNE 86

FM BOSTON (211-6) (P)

TO DIRECTOR (ATTN: PUBLIC CORRUPTION UNIT, CRIMINAL INVESTIGATIVE
DIVISION, (IMMEDIATE)

BT b6
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UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT, ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT
OF INTEREST, OO:FBIHQ

RE BUREAU TELETYPE DATED JUNE 13, 1986.

IN ACCORDANCE WITH INSTRUCTIONS SET FORTH IN RE TELETYPE,
THE FOLLOWING INDICES WERE SEARCHED IN THE BOSTON DIVISION
WITH NEGATIVE RESULTS RE CAPTIONED SUBJECT:

ORGANIZED CRIME INFORMATION SYSTEM (OCIS), INTELLIGENCE
INFORMATION SYSTEM (IIS), ELECTRONIC SURVEILLANCE (ELSUR), ~~AND~~
CONFIDENTIAL INFORMANT UNIT.

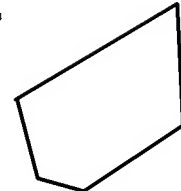
A SEARCH OF THE MANUAL INDICES IN THE BOSTON DIVISION REFLECTED

OCT 27 1986 *AR*
ONLY TWO REFERENCES TO CAPTIONED SUBJECT:

[Handwritten signature]

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Wills
File 17003

PAGE TWO BS 211-9 UNCLAS

THE FIRST REFERENCE 211-00-11 WAS AN ATTACHMENT TO BUREAU AIRTEL JULY 22, 1981 CAPTIONED "SPECIAL PROSECUTOR LEGISLATION" AND IDENTIFIED MICHAEL DEEVER AS ONE OF THOSE INDIVIDUALS SUBJECT TO THE SPECIAL PROSECUTIVE DIVISION OF THE ETHICS IN GOVERNMENT ACT OF 1978.

A SECOND REFERENCE IN THE SEARCH OF THE MANUAL INDICES WAS 211-00-14 WHICH WAS ALSO AN ATTACHMENT TO BUREAU AIRTEL JUNE 27, 1983 CAPTIONED "ETHICS IN GOVERNMENT ACT OF 1978" AND IDENTIFYING MICHAEL DEEVER AS SUBJECT TO THE INDEPENDENT PROVISION OF THE ETHICS IN GOVERNMENT ACT OF 1978. IN BOTH OF THESE REFERENCES, DEEVER WAS IDENTIFIED AS DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT.

A SEARCH OF THE AUTOMATED INDICES IN THE BOSTON DIVISION REFLECTED ONE REFERENCE TO CAPTIONED SUBJECT. THIS REFERENCE 211-1-19 IDENTIFIED MICHAEL DEEVER AS DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT AND AS SUCH THIS REFERENCE, WHICH IS AN ATTACHMENT TO BUREAU AIRTEL JULY 26 1985 IDENTIFIED DEEVER AS ONE WHO IS SUBJECT TO THE INDEPENDENT COUNSEL OF ETHICS IN GOVERNMENT ACT OF 1978. THERE IS NO ADDITIONAL INFORMATION IN

PAGE THREE BS 211-G UNCLAS

BOSTON FBI FILES REGARDING MICHAEL DEEVER, WHICH IS PERTINENT TO
THE INVESTIGATION OF THE INDEPENDENT COUNSEL.

BT

NEW MAIL JUST ARRIVED: INBOX.20.21
FORMS.TEXT HAS 1 DOCUMENT

INBOX.6 (#4194)

TEXT:

C100011 1671913

OO HQ

DE CI

O 161913 JUN 86

FM CINCINNATI (211-3) (RUC)

TO DIRECTOR IMMEDIATE

BT

UNCLAS

MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT
OF 1978 (EIGA) - CONFLICT OF INTEREST, OO:FBIHQ

RE BUREAU TELETYPE TO ALL SACS, DATED JUNE 13,
1986.

ON JUNE 16, 1986, A REVIEW OF THE INDICES OF
THE CINCINNATI DIVISION FAILED TO DISCLOSE ANY
INFORMATION IDENTIFIABLE WITH MICHAEL K. DEAVER
PERTINENT TO THE INVESTIGATION BY THE INDEPENDENT
COUNSEL AT FBIHQ.

FURTHER REVIEW OF INDICES REVEALED DEAVER IS
REFERENCED IN CINCINNATI ADMINISTRATIVE FILE 211-00-
20, 22 AND ALSO WAS THE SUBJECT OF CLOSED FILE

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OCT 27 1986

PAGE TWO, CI 211-3

161B-2512. TITLED "MICHAEL KEITH DEEVER, SPECIAL
INQUIRY, BUDED FEBRUARY 19, 1981".

NO FURTHER INVESTIGATION IS BEING CONDUCTED
BY CINCINNATI.

BT

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RAGZNRVROH

VZCZC R00468 1751795

R 241728Z JUN 86

FM LEGAL ATTACHE BOGOTA (241-0-3)

TO DIRECTOR ROUTINE

BT

UNCLAS

MICHAEL K. BEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT

TO THE PRESIDENT: ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -

CONFLICT OF INTEREST. OO: FBIHQ

RE BUREAU TELETYPE DATED JUNE 13, 1986.

LEGAT BOGOTA INDICES CONTAIN NO INFORMATION CONCERNING

MICHAEL K. BEAVER.

BT

Exec. AD-Adm.	
Exec. AD-Inv.	
Exec. AD-LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	<i>F2</i>
Ident.	
Inspection	
Intell.	
Laboratory	
Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

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241-0-3-55

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OCT 27 1986

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FORMS.TEXT HAS 1 DOCUMENT

INEOX.24 (#5147)

TEXT:

LAO804 181927Z

PP HQ

DE LA

P 18 1927Z JUN 86

FM SAC, LOS ANGELES (211-6)

TO DIRECTOR, FBI PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST. OO: FBIHQ.

RE FBIHQ TELETYPE TO ALL FIELD OFFICES, DATED JUNE 13,
1986.

LOS ANGELES FILES DO NOT CONTAIN INFORMATION PERTINENT
TO THE INVESTIGATION BY THE INDEPENDENT COUNSEL.

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211-25-67

JUL 1 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.50 (#4956)

TEXT:

HNO0014 1690317Z

RR HQ

DE HN

R 170130Z JUN 86

FM HONOLULU (211-00)

TO DIRECTOR FBI ROUTINE

BT

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UNCLAS

ATTENTION: [REDACTED] FBIHQ, PUBLIC CORRUPTION UNIT,

CRIMINAL INVESTIGATIVE DIVISION

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF
1978 (EIGA) - CONFLICT OF INTEREST. OO: FBIHQ.

REBUTEL, JUNE 13, 1986.

A SEARCH OF INDICES OF THE HONOLULU DIVISION REVEALED
NO INFORMATION IDENTIFIABLE WITH MICHAEL K. DEEVER.

BT

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211-00
JUN 13 1986

OCT 27 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.8 (#4964)

TEXT:

SEO 0008 1690255Z

RR HQ

DE SE

R 170255Z JUN 86

FM SEATTLE (211-0)

TO DIRECTOR, FBI ROUTINE

BT

UNCLAS

MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ

RE BUREAU TELETYPE, JUNE 13, 1986.

REVIEW OF INDICES OF THE SEATTLE OFFICE REVEALS NO
INFORMATION CONCERNING DEAVER WITH THE EXCEPTION OF THE
FACT THAT DEAVER IS SUBJECT TO THE INDEPENDENT COUNCIL PROVISION
OF THE ETHICS IN GOVERNMENT ACT OF 1978.

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.33 (#4993)

TEXT:

VLO0001 1680530Z

LVO0001 1680530Z

RR JKKHQ

DE LV

R 1732300ZJUN 86

RR HQ

DE LV

R 172300Z JUN 86

FM LAS VEGAS (211-4) (RUCC

TO DIRECTOR (IMMEDIATE)

BT

UNCLAS

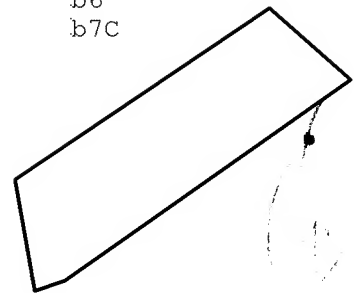
MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST; OO:FBIHQ

RE DIRECTOR TELETYPE TO ALL FIELD OFFICES, JUNE 13, 1986.

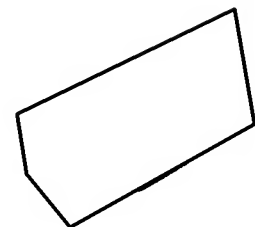
LAS VEGAS OFFICE INDICES CONTAIN NO IDENTIFIABLE
INFORMATION REGARDING MICHAEL K. DEEVER.

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211-2.5

MSA FORMS.TEXT HAS 1 DOCUMENT

INBOX.15 (#4744)

TEXT:

AL00005 1682200Z

RR HQ

DE AL

R 172100Z JUNE 86

FM SAC, ALBANY (2LL-3) (RUC)

TO DIRECTOR, FBI (ROUTINE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST, OO: FBIHQ.

REFERENCE DIRECTOR TELETYPE TO ALL FBI FIELD OFFICES DATED
JUNE 13, 1986.

FOR INFORMATION OF THE BUREAU ON JUNE 16, 1986, THE FOLLOWING
INDICES WERE SEARCHED BY FILE ASSISTANT [REDACTED] CONFIDENTIAL
FILE ROOM (CFR) AND CONFIDENTIAL TYPIST [REDACTED] (ELSUR),

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OCT 27 1986

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2LL-3, PAGE TWO, UNCLAS

WITH NEGATIVE RESULTS. GENERAL AND FOIMS INDICES SEARCHED BY MDE

SAME DATE AS ABOVE WITH NEGATIVE RESULTS, WITH
THE EXCEPTION OF DIRECTOR AIRTEL TO ALL SACS DATED OCTOBER 29, 1986
LISTING MICHAEL K. DEEVER IN HIS PRESENT POSITION. AIRTEL CAPTIONED
ETHICS IN GOVERNMENT ACT OF 1978.

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MP0005 1680446Z

PF HQ

DE MP

P 170446Z JUN 86

FM MINNEAPOLIS (211-5) (RUC)

TO DIRECTOR PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST; OO: FBIHQ.

RE BUTEL TO ALL FIELD OFFICES, JUNE 13, 1986.

MINNEAPOLIS INDICES (GENERAL, CONFIDENTIAL, ELSUR) NEGATIVE ON
DEEVER, WITH EXCEPTION OF REFERENCES INDICATING DEEVER'S NAME IS ON
LIST OF PERSONS SUBJECT TO INDEPENDENT COUNSEL PROVISION OF ETHICS
IN GOVERNMENT ACT OF 1978 PER BUREAU AIRTELS DATED OCTOBER 29, 1984,
AND MAY 21, 1986, CAPTIONED "ETHICS IN GOVERNMENT ACT".

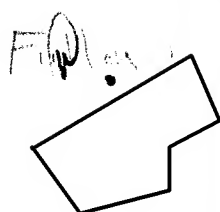
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OCT 27 1986

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.118 (#4855)

TEXT:

EPO008 1680005

OO HQ

DE EP

O 170005Z JUN 86

FM EL PASO (211-R-NEW) (RUC)

TO DIRECTOR (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST. OO: FBIHQ.

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b6 RE DIRECTOR TELETYPE TO ALL FIELD OFFICES, JUNE 13, 1986.

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FOR THE INFORMATION OF THE BUREAU, ON JUNE 17, 1986,

[REDACTED] CONFIDENTIAL CLERK, REVIEWED THE EL PASO
DIVISION ELSUR AND SECURE INDICES, AND ON THE SAME DATE,
IA [REDACTED] REVIEWED THE EL PASO GENERAL INDICES
WITHOUT LOCATING ANY INFORMATION RE MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT
PERTINENT TO CAPTIONED MATTER. FBIHQ WILL BE IMMEDIATELY
ADVISED SHOULD INFORMATION COME TO THE ATTENTION OF THE EL PASO
DIVISION AT SOME FUTURE DATE REGARDING THIS MATTER.

BT

OCT 27 1986

AK

LRO 025 163030Z

PP HQ

DE LP

P 172200Z JUN 86

FM LITTLE ROCK (211-2) (RUC)

TO DIRECTOR PRIORITY

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UNCLAS

ATTENTION [REDACTED] FBIHQ, PUBLIC CORRUPTION UNIT, CRIMINAL
INVESTIGATIVE DIVISION

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT
OF INTEREST, OO: FBIHQ

RE BUREAU TELETYPE, JUNE 13, 1986.

A REVIEW OF ALL LITTLE ROCK INDICES FAILED TO DISCLOSE ANY
RECORD IDENTIFIABLE WITH MICHAEL K. DEEVER.

SEARCHES CONDUCTED BY SCA [REDACTED] (GENERAL INDICES)
(JUNE 13, 1986), AEC [REDACTED] (ELSUR INDICES) b6
(JUNE 17, 1986), AND CFC [REDACTED] (CONFIDENTIAL b7C
INDICES) (JUNE 17, 1986).

AS INSTRUCTED, CONTENTS OF REFERENCED TELETYPE HAVE BEEN
BROUGHT TO ATTENTION OF ALL LITTLE ROCK EMPLOYEES.

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OCT 27 1986

BT0008 1682339Z

RR HQ

RE BT

R 172339Z JUNE 86

FM BUTTE (211-2) (RUC)

TO DIRECTOR (ROUTINE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST, OO: BUREAU.

RE BUTEL TO ALL FBI FIELD OFFICES, JUNE 13, 1986.

REVIEW OF BUTTE ELSUR AND GENERAL INDICES REVEALED NO INFO
CONCERNING CAPTIONED MATTER.

BUTTE DIVISION IS CONDUCTING NO FURTHER INVESTIGATION RE
CAPTIONED MATTER, UACB.

BT

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b7c

OCT 27 1986

August 27, 1986

Whitney North Seymour, Jr., Esq.
Independent Counsel
U. S. Court House
Suite 6400
One Marshal Place
Washington, D.C. 20001

Michael K. Deaver
Former Deputy Chief of Staff and
Assistant to the President
Office in Government Building
CO: FBI HQ Volume 211-25

Dear Mr. Seymour:

I am enclosing two copies of a news article which appeared in the Los Angeles Times on August 21, 1986. The article states that Orange County, California, Supervisor Bruce Nestande was contacted by Michael K. Deaver in connection with the awarding of a lucrative airport bond underwriting contract. Deaver allegedly contacted Nestande on behalf of his client, Smith, Barney, Harris, Upham and Company (Smith/Barney), a New York brokerage firm. Smith/Barney was awarded the underwriting contract. The article further states that Deaver and Nestande were formerly members of President Ronald Reagan's staff when Reagan was Governor of California.

For your information, the Los Angeles Division of the FBI is conducting a separate investigation of Nestande regarding allegations that Nestande had extorted several thousand dollars from a business for the awarding of landfill contracts in Orange County, California. The Los Angeles Division has been instructed not to conduct any investigation regarding the information in the attached article until you have determined whether or not this is within the scope of your investigation of Deaver. The prosecutor in the Nestande matter is Richard E. Drooyan, Chief Assistant, U. S. Attorney's Office, Los Angeles, California.

If you require further information regarding our investigation of Nestande, feel free to contact Supervisory Special Agent (SSA) [redacted] Public Corruption Unit, White Collar Crimes Section, FBI Headquarters, at [redacted]. SSA [redacted] is supervising the Nestande investigation at the FBI Headquarters level.

Exec AD Adm. ☒
Exec AD Inv. ☒
Exec AD LES ☒
Asst. Dir.:
Adm. Servs. ☒
Crim. Inv. ☒
Ident. ☐
Insp. ☐
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Lab. ☐
Legal Coun. ☐
Off. Cong. & Public Affs. ☐
Rec. Mgnt. ☐
Tech. Servs. ☐
Training ☐
Telephone Rm. ☐
Director's Sec'y ☐

1 - Mr. Otto

1 - [redacted]

1 - [redacted]

1 - [redacted]

WDA:dlt (5)

MAIL ROOM ☐

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20 OCT 3 1986

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FD-350 (Rev. 5-8-81)

(Mount Clipping in Space Below)

Nestande Aided by Firm That Won Bond Pact

By JEFFREY A. PERLMAN,
Times Urban Affairs Writer

Three months before the Orange County Board of Supervisors awarded a lucrative airport bond underwriting contract to a prominent New York brokerage house, an official of the firm promised supervisor Bruce Nestande financial help in his campaign for secretary of state. Nestande and the official acknowledged this week.

Three months after the decision on the contract which was preceded by lobbying by current and former White House advisers on behalf of rival firms, Nestande received more than \$13,000 from Smith Barney Harris Upham & Co., the brokerage house selected as the lead underwriter, and its corporate officers.

Nestande said he was offered campaign funds by former presidential adviser Steven Rhodes, now a Smith Barney vice president, before county supervisors awarded the firm the lead underwriting role in the sale of \$270 million in revenue bonds to finance expansion of John Wayne Airport. Rhodes is a longtime Nestande political associate and served in the White House as local government liaison during President Reagan's first term.

Later, Nestande was called by Michael K. Deaver, formerly Reagan's deputy chief of staff who now is a Washington-based lobbyist whose clients include Smith Barney. Deaver and Nestande were members of Reagan's Sacramento staff when Reagan was governor.

Nestande said none of these discussions influenced his own sup-

(Indicate page, name of newspaper, city and state.)

Date: 8/21/86
Source: Los Angeles Times

Title: Nestande Aided by
Firm That Won Bond Pact

Character:
or
Classification: LA 194C-238
Submitting Office: SARA #2

Indexing:

NESTANDE: Funds Acknowledged

Continued from Page 1

port for Smith Barney and that he did nothing to sway his fellow supervisors.

An official of the state Fair Political Practices Commission said such contacts between a public official and a campaign contributor are not illegal unless the contributions are made in exchange for direct action on a specific issue.

Nestande and Smith Barney officials strongly denied any such exchange was involved.

ORANGE COUNTY

Orange County matter.

The former Reagan aide is under investigation for allegedly violating prohibitions against contacting government officials he once worked with on behalf of his business clients shortly after he left the White House last year.

Last week, Republicans and Democrats on a House subcommittee condemned Deaver and voted unanimously to refer evidence that he may have committed perjury to the independent counsel investigating Deaver's activities. The subcommittee charged that Deaver apparently lied during five hours of testimony to the panel last May.

A unit of Merrill Lynch & Co. previously had been chosen for the lead underwriting role, but more than three years of litigation by Newport Beach residents against airport expansion put the bond sale on hold. The matter of selecting underwriters was reopened after last year's out-of-court settlement with Newport Beach, and county staff members recommended that the Orange County supervisors choose between Merrill Lynch and Smith Barney.

In an 11th-hour bid to counter Smith Barney's lobbying effort, Merrill Lynch hired presidential political consultant Stu Spencer and speech writer Ken Khachigian, according to several county supervisors. The supervisors chose Merrill Lynch for the secondary role of

No Discussion on Vote

Although between \$500,000 and \$1 million in management fees and sales commissions were at stake in the \$270-million bond issue, there was almost no discussion when county supervisors voted unanimously for Smith Barney on March 6.

Nestande said in an interview this week that Rhodes offered to raise funds for his statewide campaign sometime in December or January.

"He came to me and said Smith Barney was the biggest contributor to [Mayor] Tom Bradley [a Democrat] in Los Angeles and that if I could stand that, he wanted to help raise money for me," Nestande, a Republican, recalled. "I said sure, but wait until this bond thing is settled because I didn't want the

fund raising to get mixed up in that. . . ."

Rhodes agreed, saying that "I've known Bruce Nestande for years, going back to when he was working for Ronald Reagan in Sacramento. . . . When I was in the White House, I used to call on him all the time, sometimes at the request of the President, to obtain his help in lobbying various congressmen on legislation of particular interest to the president. He always came through. So of course I wanted to help him financially. But also, I did not want to put him in an embarrassing position, so I waited until after Smith Barney was selected as the lead underwriter for the airport bonds. I organized a fund-raiser for him here [at Smith Barney's New York headquarters] and I asked the other fellows [Smith Barney executives] to contribute. They did."

Of the \$13,000 that Nestande reported receiving from Smith Barney in his most recent campaign disclosure statement, \$1,372 came from the firm and the rest from corporate officers.

Meanwhile, Nestande said that during a telephone conversation with Deaver about unrelated matters, Deaver reminded him that Rhodes, a mutual friend, was now working for Smith Barney. "I didn't even know that Smith Barney is one of Deaver's clients until you just mentioned it," Nestande told a Times reporter. "I told Mike [Deaver] that Rhodes and I had already talked several times, and that was the end of it."

Although Nestande said he didn't try to influence his fellow supervisors, Assemblyman Richard Robinson (D-Garden Grove), chairman of the Assembly Public Finance Committee, recalled that he had written a letter to the supervisors—at Nestande's request—urging them to open up the bidding process on the airport bonds and

not automatically rely on underwriting firms that had done business with the county previously. Robinson said Nestande never told him why he wanted the letter, but he concluded that anything promoting competitive bidding among underwriters would be good for the public interest.

But Nestande said he never asked Robinson to write any such letter and knew nothing about it.

"I don't know what you're talking about," Nestande said. "I've never seen that kind of letter. It's absurd. I wish I could convey to you the level of non-involvement I had in this thing. . . ."

Orange County Tax Collector-Treasurer Robert L. Citron recalled that he had argued that Merrill Lynch should get the lead underwriting role because of that firm's experience and because it

Memorandum



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Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : Mr. Otto

Date 7/9/86

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From :

Subject : MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To bring to your attention information provided by

RECOMMENDATION: (1) That this information be brought to the
attention of Public Integrity
Section, as required under the Ethics in Government Act of 1978.

Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

(2) That this information be brought to the attention of
Whitney North Seymour, Jr., Independent Counsel.

Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

DETAILS: On 7/9/86,

met with Assistant Section Chief Larry Potts, Unit Chief
and myself in the office of Unit Chief
to explain a request made by
on 7/7/86. In that request by letter attached hereto and received

Enclosure

1 - Mr. Otto

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MRF:dlt (3)

(CONTINUED - OVER)

Memorandum from [redacted] to Mr. Otto
RE: MICHAEL K. DEAVER

at FBIHQ on 7/8/86, Mr. Clauson requested access to background investigation files on Michael K. Deaver, [redacted]

[redacted], [redacted] and [redacted].

[redacted] advised that this request is in regard to their investigation of Peter E. Voss, former Vice-Chairman of the Postal Service Board of Governors, who pled guilty on 5/30/86 to charges that he took kickbacks in a scheme to steer a mail sorting equipment contract to Recognition Equipment, Inc. (REI), Dallas, Texas. He said that his office is in receipt of information from a reporter of unknown identity to the effect that this reporter was making an inquiry into rumors that Michael K. Deaver and [redacted] have benefited by trading REI stock with the aid of inside information from [redacted].

[redacted] He stated that this information had also come to the attention of Postal investigators working with him on the Voss matter from an unidentified Congressional staff member. [redacted] advised that he has just recently returned from a trip out of town and would have to recontact his investigators to determine more specific information as to the identities of the reporter and staff member.

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[redacted] further advised that [redacted] [redacted] He added that this information was surfaced and made public during the confirmation hearings on the appointment of Mr. Deaver to the White House staff. [redacted] said that there is also rumored information from an unknown source that Mr. Deaver was directly involved in the selection of [redacted].

Information about Mr. Voss' plea to kickback charges was the subject of a news article appearing in the "Washington Post" on 7/9/86.

[redacted] advised that his office had information that [redacted]

A separate memorandum has been prepared for Assistant Director Floyd I. Clarke, Criminal Investigative Division, in order to address any concerns that the above information is pertinent to the Ethics in Government Act of 1978.



CHIEF POSTAL INSPECTOR
Washington, DC 20260-2100

July 7, 1986

Mr. Floyd I. Clarke
Assistant Director
Criminal Investigation Division
Federal Bureau of Investigations
Washington, DC 20535

Dear Mr. Clarke:

In connection with an official criminal investigation being conducted by this Service, access is requested to background investigation files on several current and/or former Executive Branch officials, as appropriate.

We request access to the background investigation files of the following individuals:

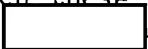
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Michael K. Deaver



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When these files are available, please contact
at 



Your cooperation and assistance in this matter is appreciated.

Sincerely,



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JUNE 13, 1986

UNCLAS

IMMEDIATE

FM DIRECTOR FBI

TO ALL FBI FIELD OFFICES

PERSONAL ATTENTION SAC

ALL LEGAL ATTACHES

PERSONAL ATTENTION

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 {EIGA} -
CONFLICT OF INTEREST. 00: FBIHQ.

REBUAIRTEL TO ALL SACS DATED MAY 21, 1986, CAPTIONED
"ETHICS IN GOVERNMENT ACT OF 1978."

ON MAY 29, 1986, THE U. S. COURT OF APPEALS FOR THE
DISTRICT OF COLUMBIA, PURSUANT TO THE PROVISIONS OF THE ETHICS
IN GOVERNMENT ACT OF 1978 {EIGA}, APPOINTED WHITNEY NORTH
SEYMOUR, JR. TO ACT AS INDEPENDENT COUNSEL IN THE MATTER
INVOLVING MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND

1 - MR. OTTO

1 -

RF:DLT {3}

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JUN 27 1986

FEDERAL BUREAU OF INVESTIGATION

JUN 18 1986

ASSISTANT TO THE PRESIDENT.

REFERENCED AIRTEL REVISED THE LIST OF THOSE PERSONS PRESENTLY SUBJECT TO THE INDEPENDENT COUNSEL PROVISION OF THE EIGA, OF WHICH MR. DEEVER IS INCLUDED. ALL OFFICES WERE INSTRUCTED TO INCLUDE THESE NAMES IN FIELD OFFICE INDICES IN ACCORDANCE WITH CURRENT POLICY AND PROCEDURES.

THE ORDER APPOINTING THE INDEPENDENT COUNSEL NOTED THAT THIS INVESTIGATION STEMS FROM INFORMATION AND ALLEGATIONS RECEIVED BY THE DEPARTMENT OF JUSTICE TO THE EFFECT THAT MR. DEEVER, WHILE IN THE WHITE HOUSE, HAD RESPONSIBILITIES ON PARTICULAR MATTERS TO WHICH HE MAY HAVE PARTICIPATED PERSONALLY AND SUBSTANTIALLY, AND THAT AFTER LEAVING THE WHITE HOUSE ON MAY 16, 1985, HE BECAME A REPRESENTATIVE OF SPECIFIC PARTIES BEFORE THE U. S. GOVERNMENT ON THESE SAME PARTICULAR MATTERS.

THE ISSUES NOTED BY THE COURT ARE THOSE INVOLVING UNITED STATES AND CANADIAN NEGOTIATIONS ON ACID RAIN AND THE ATTEMPTS BY THE GOVERNMENT OF PUERTO RICO TO MAINTAIN U. S. TAX LAWS FAVORING INVESTMENTS IN PUERTO RICO AND THE CARIBBEAN BASIN. DURING A PRELIMINARY INVESTIGATION CONDUCTED BY THE

FBI, INFORMATION WAS ALSO RECEIVED, MOSTLY FROM PUBLIC SOURCES, THAT MR. DEEVER WAS ALSO INVOLVED IN THE ISSUES AFFECTING TRADE RELATIONSHIPS BETWEEN THE UNITED STATES AND KOREA, PROCUREMENT OF THE B-1 BOMBER FROM ROCKWELL INTERNATIONAL, AND ATTEMPTS TO BRING MAJOR LEAGUE BASEBALL TO WASHINGTON, D.C.

THE COURT ORDERED THAT THE INDEPENDENT COUNSEL SHALL HAVE JURISDICTION TO INVESTIGATE ANY RELATED MATTERS AND OTHER ALLEGATIONS OR EVIDENCE OF VIOLATION OF ANY FEDERAL CRIMINAL LAW BY MR. DEEVER DEVELOPED DURING THE INDEPENDENT COUNSEL'S INVESTIGATIONS, REFERRED TO ABOVE, AND CONNECTED WITH OR ARISING OUT OF THAT INVESTIGATION, AND THE INDEPENDENT COUNSEL SHALL HAVE JURISDICTION TO PROSECUTE FOR ANY SUCH VIOLATION. THE INDEPENDENT COUNSEL SHALL HAVE ALL THE POWERS AND AUTHORITY PROVIDED BY THE EIGA OF 1978, AS AMENDED, AND SPECIFICALLY TITLE 28, U. S. CODE, SECTION 594.

IN CONNECTION WITH THE ABOVE, RECEIVING OFFICES ARE TO IMMEDIATELY SEARCH INDICES FOR MICHAEL K. DEEVER AND REPORT ANY INFORMATION IN SUMMARY FORM PERTINENT TO THE INVESTIGATION BY THE INDEPENDENT COUNSEL TO FBIHQ. ALL OFFICES ARE TO

RESPOND BY TELETYPE ON THE PRESENCE OR ABSENCE OF INFORMATION BY CLOSE OF BUSINESS JUNE 18, 1986. THEREAFTER, ANY INFORMATION WHICH COMES TO THE ATTENTION OF RECEIVING OFFICES WILL IMMEDIATELY BE FURNISHED TO [REDACTED] FBIHQ, PUBLIC CORRUPTION UNIT, CRIMINAL INVESTIGATIVE DIVISION, FTS [REDACTED], AND FOLLOWED UP BY TELETYPE WITHIN TWENTY-FOUR HOURS. THESE MATTERS WILL BE DIRECTLY REPORTED TO THE INDEPENDENT COUNSEL. FIELD OFFICES ARE NOT TO CONDUCT ANY INDEPENDENT INVESTIGATIONS.

THE INDEPENDENT COUNSEL HAS REQUESTED FBI ASSISTANCE IN THIS MATTER AND HAS SELECTED FOUR SPECIAL AGENTS TO CONDUCT THE INVESTIGATION. IT IS ANTICIPATED THAT THESE AGENTS WILL BE CONDUCTING INVESTIGATION ON THIS MATTER IN THE TERRITORY OF SOME OF THE RECEIVING OFFICES. INVESTIGATION SCHEDULED TO DATE OUTSIDE THE WASHINGTON, D.C. AREA INCLUDES INTERVIEWS TO BE CONDUCTED IN OMAHA, NEBRASKA; BONN, WEST GERMANY; AND TORONTO, CANADA.

THE SPECIAL AGENT IN CHARGE IS RESPONSIBLE FOR ENSURING THAT THE CONTENTS OF THIS TELETYPE ARE BROUGHT TO THE ATTENTION OF ALL EMPLOYEES. ALL PERSONNEL SHOULD BE

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INSTRUCTED THAT THEY ARE NOT TO DISCUSS ANY INFORMATION OBTAINED WITH ANYONE EXCEPT THE SPECIAL AGENT IN CHARGE. IN ADDITION TO THE FOREGOING, THE FOLLOWING INSTRUCTIONS APPLY:

1. THERE SHOULD BE NO CONTACT WITH THE MEDIA. ALL ATTEMPTED CONTACTS BY MEDIA PERSONNEL WITH FBI EMPLOYEES SHOULD BE REPORTED TO THE SPECIAL AGENT IN CHARGE AND IMMEDIATELY REFERRED TO FBIHQ. EACH ATTEMPTED CONTACT SHOULD BE DOCUMENTED.

2. ALL EMPLOYEES ARE TO GUARD AGAINST ANY OUTSIDE EXPRESSIONS OF OPINION REGARDING THE MERITS OR MOTIVATION UNDERLYING THIS INVESTIGATION. ANY STATEMENTS RELATING TO THESE ISSUES AND WHICH ARE ATTRIBUTED TO FBI SOURCES COULD MATERIALLY AFFECT THE INTEGRITY OF THE INVESTIGATION BEING CONDUCTED BY THE INDEPENDENT COUNSEL.

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Search for a Postal Chief Winding Up

Board of Governors Pushes Reform After Roasting by House Panel

By Jonathan Karp
Washington Post Staff Writer

The Postal Service Board of Governors will appoint a new postmaster general during its Aug. 4-5 meeting, Chairman John R. McKean said yesterday.

At an open meeting of the board, McKean said the search is continuing for a successor to Postmaster General Albert V. Casey, who will quit Aug. 15. McKean said two postal employees and two or three outsiders are candidates.

During the meeting, the governors approved stronger guidelines for monitoring each governor's expense accounts. The board also eliminated five of its six subcommittees, a move designed to streamline management.

The resolutions came two weeks after the governors were subjected to a six-hour roasting by a House Post Office and Civil Service subcommittee in which they were scolded for conducting meetings sloppily, interfering in postal management decisions and spending money on outside counsel when in-house advice was available.

According to board member John N. Griesemer, the governors began discussing reforms "immediately" after the June 25 hearing.

"We believe that we left the oversight hearings with no sense of defiance or arrogance," McKean said. "Any vestige of micromanaging by the board was removed by eliminating the committees."

The board's technology and development committee, which included chair Ruth O. Peters, George W. Camp and former board vice chairman Peter E. Voss, won notoriety after Voss' May 30 guilty plea to charges that he took kickbacks in a scheme to steer a sole-source sorting equipment contract to a Dallas firm, Recognition Equipment Inc. (REI).

The other members of the committee besides Voss and officials at REI have denied knowledge of the scheme. Several investigations are continuing into impropriety in the Postal Service.

One of the inquiries is being conducted by the board's legal counsel, Joseph A. Califano, a managing

partner of Dewey, Ballantine, Bushby, Palmer & Wood. Yesterday, Califano presented a 27-page study of the board's expense accounting procedures and offered recommendations.

The concern over board expenses follows Voss' admission that he embezzled \$44,000 from the Postal Service by cashing in first-class plane tickets and traveling coach to postal-related meetings.

Califano said the study "revealed no evidence of any intentional reporting or illegalities in expenditures of any current member of the board." But Voss was charged with several improprieties, including:

- Traveling to board meetings from locations more distant than his home and office in Ohio, which allowed Voss to make personal business trips and pass off part of the cost to the Postal Service.

- Making numerous trips to postal headquarters in Washington, where he involved himself "deeply" in procurement for the mail-sorting machines and day-to-day management.
- Using private employees to do research, which could have been done by the Postal Service, for which he was reimbursed \$13,858.18 over a 10-month period.

Responding from Ohio, Voss said his agreement with the Justice Department prevented him from addressing all the charges, but denied intervening in daily management. "That's been very seriously overblown," he said. Voss also denied making unnecessary trips to postal headquarters.

Califano proposed 18 steps for the board to take. Among them are regular audits by the board, an accounting firm and the postal inspection service; approval by the board chairman for all postal-related trips; and approval by the full board for staff assistance. "I don't think you can get any tighter than this," board member Griesemer said.

One expense item the Califano report did not assess were Califano's bills to the board, which have totaled more than \$2 million the past five years and drew criticism from subcommittee members at the hearing.

After the meeting, McKean said the board will regularly disclose the law firm's bills as part of the process.

7/9/86

Memorandum

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Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : Mr. Otto *119*

Date 7/7/86

From : [Redacted]

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Subject : MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To advise you of the identity of the staff assembled
by Independent Council Whitney North Seymour, Jr.

RECOMMENDATION: None. For purposes of record and information.

Director	Adm. Servs.	Laboratory
Exec. AD-Adm.	Crim. Inv.	Legal Coun.
Exec. AD-Inv.	Ident.	Off. of Cong. & Public Affs.
Exec. AD-LES	Inspection	Rec. Mgnt.
	Intell.	Tech. Servs.
		Training

DETAILS: On 7/7/86, Mr. Seymour advised me of the identities of
his Independent Council staff, which he advises is complete for the
present time. He provided the names of the following individuals,
which are all former Assistant U. S. Attorneys (AUSAs) for the
Southern District of New York, New York, New York:

86-1
Nicholas Scoppetta, Deputy Independent Council, who was
the AUSA during the prosecution of public corruption in New York
City and later dramatized in a book and movie entitled "Prince of
the City;" John W. Neilds, Jr., Independent Council Attorney;
Paul Shechtman, Independent Council Attorney; David M. Brodsky,
Independent Council Attorney; and Andrew Joshua Levander, *86-1*
Independent Council Attorney.

These names are being made a matter of record for
captioned matter and searched for any information which should be
brought to the attention of Mr. Seymour. *211-54-7*

1 - Mr. Otto

1 - [Redacted]

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OCT 2 1986

FBI/DOJ

Memorandum



Exec AD Adm.
 Exec AD Inv.
 Exec AD LES
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 Off. Cong. & Public Affs.
 Rec. Mgnt.
 Tech. Servs.
 Training
 Telephone Rm.
 Director's Sec'y

To : Director

Date 5/13/86

From : F. I. Clarke

Subject : MICHAEL K. DEEVER,
 DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
 CONFLICT OF INTEREST
 OO: FBIHQ

Butle # 211-25

PURPOSE: To request approval to interview Secretary of State George P. Shultz; Secretary of Treasury James A. Baker III; Chief of Staff and Assistant to the President Donald T. Regan; former Assistant Secretary to European Affairs and now U. S. Ambassador to West Germany Richard R. Burt; and other individuals within the agencies and offices represented by these officials.

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RECOMMENDATION: Approve interviews of the above-named officials pursuant to justification outlined below.

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 Director
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 Exec. AD-Inv.
 Exec. AD-LES
 Asst. Dir.:
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 Crim. Inv.
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 Legal Coun.
 Off. of Cong. & Public Affs.
 Rec. Mgnt.
 Tech. Servs.
 Training

DETAILS: Investigation was initiated 5/5/86 for the purpose of conducting an inquiry into captioned matter as requested by the Department of Justice (DOJ).

Investigation to date includes interviews of OMB Director James C. Miller III, former OMB Director David A. Stockman, and former National Security Advisor Robert C. McFarlane. Other efforts include obtaining the investigative reports from the General Accounting Office.

- 1 - Director
- 1 - Mr. Revell
- 1 - Mr. Baker
- 1 - Mr. Clarke
- 1 - Mr. Daniels

- 1 - Mr. Jamar
- 1 - Mr. Potts
- 1 -
- 1 -

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(CONTINUED - OVER)

OCT 3 1986

FBI/DOJ

Memorandum from F. I. Clarke to Director
RE: MICHAEL K. DEAVER

Contact has been made with the White House through Jay D. Stephens, Deputy Counsel to the President, in order to obtain all information relative to contacts with Deaver by White House officials during the period 5/10/84 to the present.

Efforts have been initiated by DOJ with the Department of State for the purpose of arranging an interview of Canadian officials regarding the acid rain issue.

On 5/12/86, Robert McFarlane was interviewed and provided pertinent information relative to the issues of acid rain and the tax code provisions favoring Puerto Rico, which, in the opinion of DOJ Attorney Allen Carver, is being reviewed specifically for possible triggering of a preliminary investigation under the provisions of EIGA.

In order to pursue this inquiry investigation and accomplish the objectives requested by the DOJ, it has become necessary to interview certain officials in the White House and members of President Reagan's Cabinet regarding the issues raised in this matter. Results of investigation to date, particularly from the interview of McFarlane, indicate that these officials are potential key witnesses to the issues of acid rain and the tax code provisions favoring Puerto Rico, as well as other issues raised in this matter. Interviews conducted of McFarlane and others reveal that these individuals were either present at crucial meetings affecting these issues or have knowledge pertinent to this inquiry.

Approval is requested to make contact for appointment and interview of the following officials as specifically requested by Attorney Carver: Secretary of State George P. Shultz; Secretary of Treasury James A. Baker III; Chief of Staff and Assistant to the President Donald T. Regan; [redacted] former Assistant Secretary to European Affairs and now U. S. Ambassador to West Germany Richard R. Burt; and other individuals within the agencies and offices represented by these officials.

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Approval to interview additional individuals at the Cabinet or White House level will be sought as the need is developed and coordinated with DOJ.

5/13/86

JUDGE:

RE: MICHAEL K. DEEVER,
DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

In order to keep you informed of the status of this matter, you are provided the following information:

Investigation completed through Monday, 5/12/86, includes interviews of OMB Director James C. Miller III, former OMB Director David A. Stockman, and former National Security Advisor Robert C. McFarlane. Other efforts include obtaining a copy of a report of investigations conducted by the General Accounting Office (GAO). Contact has also been established with Jay D. Stephens, Deputy Counsel to the President, for purposes of identifying and coordinating individuals and information relating to business conducted by Deaver with White House officials relative to issues raised in this matter. Stephens indicated that President Reagan is aware of the investigation and has ordered full cooperation with the FBI.

On 5/12/86, McFarlane was interviewed and provided pertinent information relative to the issues of acid rain and the tax code provisions favoring Puerto Rico.

On the issue of acid rain, McFarlane indicated that Deaver may have been highly influential in the decision to appoint a Special Envoy to study the acid rain issue affecting United States - Canada relations on that matter during February-March, 1985.

211-2

MT

File

OCT 3 1986 *AK*

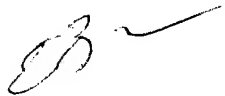
Regarding the tax code issue favoring Puerto Rico, McFarlane advised that Deaver contacted him in July or August, 1985, and may have attempted to influence him on taking out any changes in a tax reform bill that would adversely affect continued benefits to Puerto Rico. During the conversations, Deaver advised McFarlane that he was representing Puerto Rico.

On 5/13/86, Department of Justice attorney Allen Carver opined that the results of the interview of McFarlane on these two issues may be sufficient to trigger a preliminary investigation under the provisions of EIGA. Attorney Carver is coordinating his review with Deputy Assistant Attorney General John Keeney.

A memorandum is being prepared to request your approval to interview certain Cabinet members and White House officials who have been identified as having knowledge pertinent to the issues above, as well as other issues raised in this matter.

I will keep you informed of developments in this matter.

Floyd I. Clarke

A handwritten signature, possibly "B", followed by a horizontal line.A handwritten signature, possibly "FIC/and", written in a cursive style.

5/8/86

JUDGE:

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

The attached note and the following is provided to update this matter.

By letter dated 4/23/86, Senators Robert E. Byrd, Joseph R. Biden, Jr., Howard M. Metzenbaum, Paul Simon, and Patrick J. Leahy requested Attorney General Edwin Meese III to determine whether or not he should apply for the appointment of an Independent Counsel to investigate allegations of possible violations of Federal criminal statutes by Michael Deaver and stated their belief that the alleged facts were sufficient to trigger the statute.

The letter set forth four matters of concern: Deaver's involvement in the procurement of the B-1 bomber, Deaver's contacts with the Korean Government and Korean entities, his contacts regarding proposed legislation concerning tax codes effecting Puerto Rico, and United States - Canadian relations concerning acid rain.

The Attorney General also received a referral by letter dated 4/25/86 from David Martin, Director of the Office of Government Ethics (OGE), regarding an inquiry initiated by his Office into Deaver's involvement in the acid rain issue. This letter did not indicate that the OGE Office was expanding their inquiry into other issues.

Meetings were held with DOJ Attorney Alan Carver, Public Integrity Section, on 5/1-2/86 to outline objectives and the course this investigation should follow in order to conduct this inquiry.

Attorney Carver requested that the five above-named Senators be interviewed to determine if they could provide any additional facts not included in their letter of 4/23/86 which might be helpful in conducting this inquiry.

~~Enclosure~~

MT

File

OCT 3 1986 *ML*

On 5/6/86, Senator Simon was contacted by the FBI at his office. Senator Simon advised he had no independent knowledge of the issues raised by the news media. This interview was conducted by two WFO Agents and was short and cordial.

On 5/5/86, telephonic contact was made by a WFO Agent with the Office of Senator Biden. [redacted] Staff Director for the Minority Side, Senate Judiciary Committee, advised that Senator Biden was out of town. An attempt to contact [redacted] on 5/6/86 was unsuccessful. On 5/7/86, [redacted] advised by telephone that a letter was being drafted on behalf of the five Senators and would be directed to the FBI in response to the FBI's inquiry into this matter. Consequently, no additional contacts of the above-named Senators will be made by the FBI regarding this matter. All contacts with [redacted] by the WFO Agent were conducted in a cordial and professional manner.

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Regarding [redacted] you may recall that [redacted] was not allowed to attend your briefing with Senator Biden in September, 1985, concerning ALPRO. This denial was based on information that [redacted] had made a statement to the effect that she would soon have some blockbuster information concerning ALPRO.

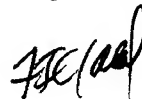
On 5/7/86, Attorney Carver requested that the following officials be interviewed: Secretary of State George Shultz; Chief of Staff Donald P. Regan; Secretary of Treasury James Baker; Assistant to the President Michael McManus; President Reagan's Personal Secretary; and Counsel to the President Peter J. Wallison. Other individuals he requested be interviewed are: Canadian Ambassador Allen Gotlieb; former National Security Advisor Robert McFarland; and former Budget Director David Stockman.

When appropriate, your authority to interview persons such as Cabinet members will be requested.

On 5/7/86, OMB Director Miller was interviewed by two WFO Agents regarding a contact of Miller by Deaver to influence continuing a Government contract to purchase the B-1 bomber from Rockwell International. Miller described the meeting with Deaver as a "sales pitch" but gave no indication to Deaver that his visit would influence the Government's decision on a continued contract with Rockwell.

I will keep you informed of developments in this matter.

Floyd I. Clarke



FEDERAL GOVERNMENT

5/5/86

JUDGE:

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

By letter dated 4/30/86, Stephen S. Trott, Assistant Attorney General, Department of Justice (DOJ), requested the FBI to conduct an inquiry into allegations that Michael K. Deaver may have violated laws of EIGA. The inquiry is being requested to determine if specifics are sufficient to trigger a preliminary investigation. Democratic Senator Robert E. Byrd and four other Democratic Senators representing the Senate Judiciary Committee requested an inquiry by letter dated 4/23/86 to Attorney General Edwin Meese III.

The allegations surround five substantive issues which are allegedly affected by Deaver's lobbying firm in Washington, D. C. and cover a period from prior to Deaver's departure from the White House on 5/17/85 to the present.

One issue involves the role Deaver played, during and subsequent to his tenure in the White House, to enhance the Canadian Government's interest in a United States-Canada agreement to address the acid rain problem.

A second issue deals with Deaver's knowledge regarding his representation of a Korean shipping company while it was under investigation by the Department of Treasury and his relationship with the Korean Government.

A third issue would inquire whether or not Deaver has attempted to influence a U. S. Government contract to continue to purchase B-1 bombers from Rockwell International Corporation.

FILE

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1986 5/5/86

The fourth issue involves an allegation that Deaver used his influence within the White House Office, subsequent to his departure from that Office, to have President Reagan send a letter to baseball commissioner Peter Ueberroth in attempts to locate professional baseball in Washington, D.C.

The fifth issue involves an allegation that Deaver placed a ground-to-air telephone call to Air Force One as it flew to the Geneva Summit to preserve a \$600 million subsidy for Puerto Rico.

The Senate Judiciary Committee has requested that DOJ complete the inquiry within a 30 day time frame. Agents from WFO are being assigned to this matter which will be supervised by the Public Corruption Unit, White Collar Crimes Section.

I will keep you advised of developments in this matter.

Floyd I. Clarke



Memorandum

Exec AD Adm.	
Exec AD Inv.	
Exec AD LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Insp.	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgnt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

Subject

Michael K. Deaver

Date

APR 30 1986

SST:GEMcD:GA

To

The Director

Federal Bureau of Investigation

From

Stephen S. Trott

Assistant Attorney General

Criminal Division

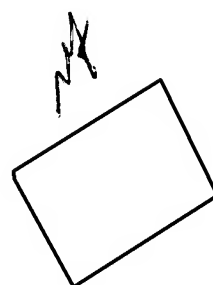
Attached for your information is a copy of the April 23, 1986, letter from five members of the Committee on the Judiciary of the United States Senate concerning Mr. Michael K. Deaver. An inquiry is necessary to determine whether or not there are grounds sufficient to warrant beginning a preliminary investigation under the independent counsel provisions (see 28 U.S.C. §§591(a), 592(a)(1)) of the Ethics in Government Act. I request the assistance of the Federal Bureau of Investigation in conducting this inquiry.

The Public Integrity Section of the Criminal Division will be responsible for handling this matter for the Division. Before any investigation is conducted, the Special Agent(s) assigned to the inquiry should coordinate with [redacted] from the Public Integrity Section (telephone number [redacted]).

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Attachment

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EXP. PROC.
MAY 1 1986

STROM THURMOND, SOUTH CAROLINA, CHAIRMAN

CHARLES MCC. MATHIAS, JR., MARYLAND
PAUL LAXALT, NEVADA
ORRIN G. HATCH, UTAH
ALAN K. SIMPSON, WYOMING
JOHN P. EAST, NORTH CAROLINA
CHARLES E. GRASSLEY, IOWA
JEREMIAH DENTON, ALABAMA
ARLEN SPECTER, PENNSYLVANIA
MITCH MCCONNELL, KENTUCKY

JOSEPH R. BIDEN, JR., DELAWARE
EDWARD J. MURPHY, MASSACHUSETTS
ROBERT C. BYRD, WEST VIRGINIA
HOWARD M. METZENBAUM, OHIO
DENNIS DECONCINI, ARIZONA
PATRICK J. LEAHY, VERMONT
HOWELL HEFLIN, ALABAMA
PAUL SIMON, ILLINOIS

DENNIS W. SMITH, CHIEF COUNSEL AND STAFF DIRECTOR
DIANA L. WATERMAN, GENERAL COUNSEL
DEBORAH G. BERNSTEIN, CHIEF CLERK
MARK H. GITENSTEIN, MINORITY CHIEF COUNSEL

United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510

April 23, 1986

The Honorable Edwin Meese III
Attorney General
Department of Justice
Constitution Avenue and Tenth Street, NW
Washington, D.C. 20530

Dear General Meese:

Pursuant to the procedures of Section 595 (e) of the Ethics in Government Act, 28 USC section 591 et seq., the undersigned minority members of the Committee on the Judiciary of the United States Senate request that you determine whether or not to apply for the appointment of an Independent Counsel to investigate allegations of possible violations of federal criminal statutes by Mr. Michael Deaver. Such allegations, among others, include violations of 18 USC section 207, involve possible conflicts of interest during Mr. Deaver's employment as Deputy White House Chief of Staff as well as in his business activities since he left government employment in May, 1985.

We believe that the alleged facts, which have been widely written about in the news media, are sufficiently specific to trigger the statute with regard to the following matters:

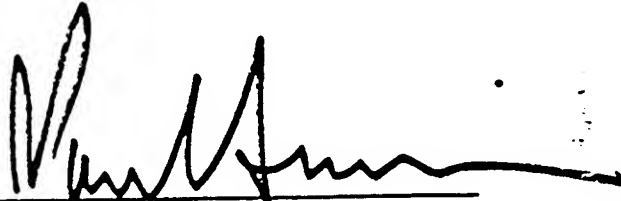
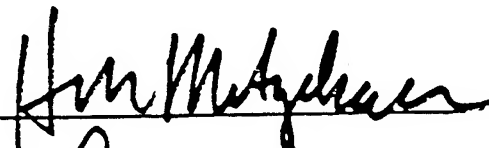
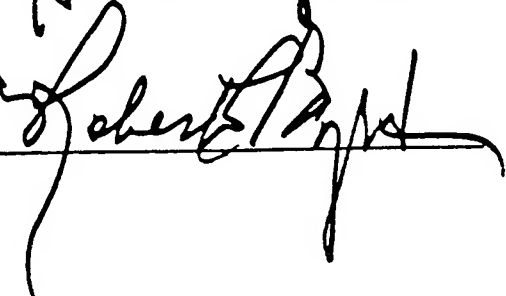
- 1) all the ramifications of Mr Deaver's involvement, prior to, during and after his employment as Deputy White House Chief of Staff, with Rockwell International and his participation in meetings concerning federal procurement of the B-1 bomber.
- 2) the full extent of Mr. Deaver's contacts with the Executive Office of the President and other executive branch agencies, with regard to his representation of the Government of South Korea, Kim Kihwan, the Ilhac Foundation or the Daewoo Corporation.

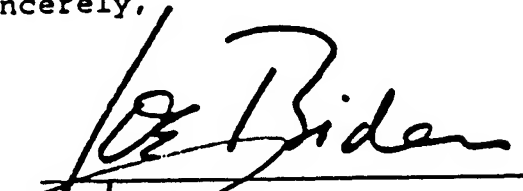
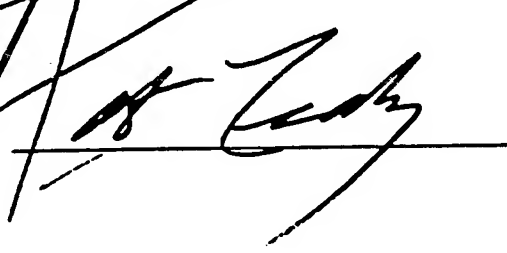
Page 2
April 23, 1986

- 3) Mr. Deaver's contacts with the Executive Office of the President during his representation of the Commonwealth of Puerto Rico concerning proposed legislation to reform the Internal Revenue Code.
- 4) Mr. Deaver's involvement as Deputy White House Chief of Staff in the issue of United States - Canadian relations concerning acid-rain and his post-White House representation of Canada.

Thank you for your consideration of our request.

Sincerely,

FEDERAL BUREAU OF INVESTIGATION
Executive Assistant Director
Investigations

Date 5/7

_____ Mr. DuHadway, #4026
 _____ Mr. Parker, #4026
 _____ Mr. Daniels, #3012
 _____ Mr. Gilbert, #5012
 _____ Mr. Pomerantz, #3149
 _____ Mr. Dickson, #4634
 _____ Mr. Rarity, #6050

 _____ Mr. Hotis, #7176
 _____ Mr. Gutman, #7116
 _____ Mr. Hassler, #7176
 _____ Mr. Montgomery, #7004
 _____ Mr. O'Brien, #7240

[REDACTED] 7162
[REDACTED] #7116
Filing, #5648
Mail Room, #1B327
Reading Room, #6248
Teletype Room, #6247

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For Information
Per Conversation
Please See Me

Mr. _____ Rm. _____

Remarks:	attached is the referral
----------	--------------------------

Remarks: [redacted] attached is the referral from DOJ re the Deaver matter. CID directed WFO agents to contact the 5 referring Senators to determine if they have any independent information. The was requested by [redacted] DOJ attorney [redacted] CID is preparing a memo for your info. They are also inquiring into the residence complaint.

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Room [redacted] T.L. 235
Ext: [redacted]

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Room		T.L. 235
Ext:		

Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. *RC/TA*
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

To :
 (Attn: Special File Room) b6
 b7C

From : N. F. *W*ivers

Subject : MICHAEL K. DEEVER,
 FORMER DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT;
 CONFLICT OF INTEREST
 OO: FBIHQ

Date 6/12/86

PURPOSE: To request that the attached original documents and FD-340 envelopes be filed in Special File Room file #211-25 regarding the above captioned investigation and to have the attached copies of the original FD-302s be indexed as indicated on each copy.

RECOMMENDATION: To recommend the attached original documents and FD-340 envelopes be placed in Special File Room file #211-25 and copies be indexed as indicated.

RC/TA

APPROVER	Adm. Servs. _____	Ident. _____
Director _____	Crim. Inv. <i>RC/TA</i>	Intell. _____
Exec. AD-Adm. _____	Legal Coun. _____	Lab. _____
Exec. AD-Inv. _____	Off. of Cong. & Public Affs. _____	Rec. Mgnt. _____
Exec. AD-LES _____	Inspection _____	Tech. Servs. _____
	Training _____	

DETAILS: On 6/9/86, the attached original FD-302s and FD-340 envelopes were provided to the FBI by Washington Field Office Agents after conducting requested interviews. Copies of original FD-302s were made and indexed. The attached documents will be utilized in the future and therefore should be placed in Bureau file #211-25 for easy retrieval.

ENCL BEHIND FILE

Enclosures (44)

Bufile #211-25

1 - Mr. Divers

1 -

DJA:daj (4)

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5/22/86

JUDGE:

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

In order to keep you informed of developments in this matter, the following is a status report and results of investigation conducted relative to the issues of acid rain, the Koreans, tax provisions for Puerto Rico, major league baseball for Washington, D.C., and the B-1 Bomber.

On 5/22/86, Attorney Carver opined that sufficient information has been developed to recommend the appointment of an Independent Counsel on the issues of acid rain and the Puerto Rico tax code provision. In view of that recommendation, the FBI is conducting no further investigation regarding this matter as of 5/22/86.

On 5/16/86, Secretary of State George P. Shultz was interviewed regarding captioned matter. Mr. Shultz stated that he was not aware of what Deaver's role was on the acid rain issue, nor did he know if Deaver exercised influence on the selection of Special Envoy Drew Lewis to study acid rain with the Canadian Government.

Mr. Shultz advised that Deaver contacted him in May, 1985, and related that he was representing the Government of Puerto Rico on the issue of a proposed tax reform by the U. S. Treasury Department which would adversely affect tax incentives in Puerto Rico. He said that Deaver stated his client's opposition to the tax reform but requested no specific action to be taken by Shultz.

111-25-22

FILE *Q*

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F.B.I.

MAY 23 5 50 PM '86

F.B.I.
U.S. DEPT. OF JUSTICE

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MAY 23 9 11 AM 1986

JUN 5 12 12 PM '86

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INVESTIGATIVE
FRONT OFFICE

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ORIGINAL
U.S. DEPT. OF JUSTICE

Mr. Shultz could provide no information on the issues of the B-1 Bomber, the Koreans, or the effort to bring major league baseball to Washington, D.C.

On 5/20/86, Secretary of Treasury James A. Baker III was interviewed. Mr. Baker advised he could provide no information relative to the issues of acid rain, baseball, or the Koreans. However, he said that while Deaver did not take part in policy decisions, he did take part in discussions on various policies on the daily agenda.

Mr. Baker said that Deaver came to him in July, 1985, with a Puerto Rico group and made a "pitch" for maintaining tax incentives for Puerto Rico. Mr. Baker said he told Deaver to contact the tax experts in Treasury. He added that the tax reform reducing the tax incentives was eventually changed resulting in continued incentives for Puerto Rico.

Mr. Baker related that Deaver may have been present during some meetings on the B-1 Bomber issue but could not recall Deaver having influence upon the policy of the Government's procurement of the B-1 Bomber.

On 5/21/86, Donald T. Regan, Chief of Staff and Assistant to the President, was interviewed.


Mr. Regan could provide no information on the issues of the B-1 Bomber, the Koreans, baseball, or the tax incentives for Puerto Rico.

Mr. Regan stated that although Deaver was not a policy maker, he was present during policy discussions, including the issue of acid rain. He added that he believes Deaver favored the appointment of a Special Envoy but has no knowledge that Deaver influenced President Reagan to make that appointment.

Other interviews conducted during the period 5/16-22/86 include Kathy Osborne, Personal Secretary to the President; Tyrus Cobb, Director of Soviet, European, and Canadian Affairs of the National Security Council; James Medas, Assistant Secretary of State for European and Canadian Affairs; and Richard G. Darman, Assistant to the Treasury.

Results of all investigation are being provided and coordinated with Department of Justice Attorney G. Allen Carver on a daily basis.

I will keep you advised of developments in this matter.


Floyd I. Clarke

5 AUG 1986
FBI
PHILADELPHIA

3/2

Mr. Tolson	
Mr. DeLoach	
Mr. Mohr	
Mr. Bishop	
Mr. Casper	
Mr. Callahan	
Mr. Conrad	
Mr. Felt	
Mr. Gale	
Mr. Rosen	
Mr. Sullivan	
Mr. Tavel	
Mr. Trotter	
Tele. Room	
Director's Sec'y	

FORMS.TEXT HAS 1 DOCUMENT

INBOX.25 (#11514)

TEXT:

PH 0182162230

RR HQ

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R 0042230 AUG 86

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FM PHILADELPHIA (211-5) (SQ8) (RUC)

TO DIRECTOR ROUTINE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA), CONFLICT OF INTEREST, OO:FBIHQ

RE PHILADELPHIA TELCALL OF SA LAWRENCE G. OWENS TO BUREAU SUPERVISOR [REDACTED] ON AUGUST 4, 1986.

AS PART OF A JOINT SBA/FBI INVESTIGATION, ON AUGUST 4, 1986, AN ANALYSIS OF SMALL BUSINESS ADMINISTRATION (SBA) RECORDS BY SPECIAL AGENT [REDACTED] SBA OFFICE OF INSPECTOR GENERAL (OIG) REVEALED THAT M. K. DEEVER WAS USED AS A REFERENCE ON STANDARD FORM 86 "SECURITY INVESTIGATION DATA FOR SENSITIVE POSITION" BLOCK 26-A BY [REDACTED] FOR A POSITION WITH THE SBA. THIS POSITION WAS FOR HIS APPOINTMENT OF ASSOCIATE ADMINISTRATOR OF SBA. DEEVER WAS ONE OF THREE REFERENCES

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26 AUG 19 1986

PAGE TWO PH 211-5 UNCLAS

LISTED BY [REDACTED] ON THIS FORM. THIS FORM WAS DATED JUNE 12, 1981. DEEVER WAS LISTED AS AN ACQUAINTANCE FOR 18 YEARS AND DEEVER'S HOME ADDRESS WAS LISTED AS THE WHITE HOUSE. [REDACTED]

DOB IS [REDACTED] AND SSAN IS [REDACTED].

[REDACTED] AND OTHER SBA EMPLOYEES ARE ALLEGED TO HAVE RECEIVED BRIBES IN ORDER FOR THE MINORITY ENTREPRENEURIAL DEVELOPMENT CORPORATION (MEDCO), ATLANTIC CITY, NJ, TO RECEIVE AN SBA GRANT AMOUNTING TO APPROXIMATELY \$95,000. THIS CASE IS CARRIED UNDER THE TITLE [REDACTED] ET AL; EMPLOYEES OF THE SBA." THE CHARACTER IS FAG-SBA, OO:PH. THE FILE NUMBER IS PH 86A-248.

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IT IS NOTED THAT THE ABOVE CASE IS IN THE EARLY STAGES OF INVESTIGATION; HOWEVER, PHILADELPHIA WILL REMAIN ALERT TO ANY ACTIVITY WHICH IN ANY WAY MAY INVOLVE DEEVER.

BT

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

AR
TO: DIRECTOR, FBI
ATTN: WHITE COLLAR CRIME SECTION- PUBLIC CORRUPTION
DATE: 6-26-86
SSA [REDACTED]
FROM: JCE/FE
SAC, SAN JUAN (58A-170) (RUC)

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MICHAEL K. DEAVER,
FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT OF INTEREST;
OO: FBIHQ

[REDACTED] Re telcal of SA [REDACTED] to FBIHQ SSA [REDACTED]
[REDACTED] on 6-24-86.

Enclosed for FBIHQ are two copies each of the following newspaper articles, with attached English translations, which appeared in the Spanish newspaper El Mundo on 6-17-86:

1- PNP PIDE INVESTIGAR SUS TRATOS CON FOMENTO (PNP Requests Investigation on Dealings with the Government Development Bank).

2- PIDEN PESQUISAR LOS VINCULOS DE DEAVER Y EL ELA (Inquiry requested of Deaver and Commonwealth of Puerto Rico ties).

3- Bureau (Enc. 6)
1- San Juan
RDM:lr
(4)

ENCLOSURE

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mef lga

6/27/86

211 35-23
JUL 8 1986

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AUG 21 1986

TRANSLATION

EL NUEVO DIA

6/17/86

INQUIRY REQUESTED OF DEEVER AND COMMONWEALTH OF
PUERTO RICO TIES

The New Progressive Party minority in the Senate requested a legislative investigation on transactions between the Government Development Bank and a Northamerican brokerage firm, and the contracting of ex-presidential aid MICHAEL DEEVER to lobby in favor of HERNANDEZ COLON'S administration.

The petition is made in resolution form, radicated by the New Progressive Party in the Senate, and publicized yesterday by its speaker, ROBERTO REXACH BENITEZ, with the purpose of ordering the Treasury, Government and the Judiciary commissions of the Senate to carry out the investigation.

The area to be investigated and studied involves, besides the transactions between the Government Development Bank and the firm SMITH BARNEY, HARRIS UPHAM and Co. and the contracting of DEEVER as lobbyist for the HERNANDEZ COLON administration, the payments he received as a result of his measures in favor of Section 936.

Likewise, an investigation into the payments received by DEEVER is proposed for lobbying in international agreements between Japan and the Commonwealth of Puerto Rico.

TRANSLATED BY: LS ON 6/25/86, SAN JUAN

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The Senatorial commissions should also evaluate the procedures used by the Government Development Bank to select the private entities which will carry out the brokerage work for the Commonwealth of Puerto Rico.

In a press conference from the Capital, REXACH BENITEZ stated that the information that has been publicized about the intervention of DEEVER in measures of lobbying for the Government of Puerto Rico brings up "serious suspicions" about the way in which HERNANDEZ COLON'S administration payed for said services.

He stated that neither the Governor nor the administrator of Economical Development, ANTONIO J. COLORADO, nor the president of the Government Development Bank, JOSE RAMON GONZALEZ, have yet explained DEEVER'S intervention - presently under the investigation of a special Unites States Attorney - nor how the ex-Sub Chief of Personnel in the White House was compensated.

In the exposure of the reasons for the resolution, publicized information alludes to reveal that the brokerage company mentioned subscribed the largest emission of bonds in the history of Puerto Rico - 500 million dollars - receiving a compensation of \$975,000, which has been classified as the most excessive by experts in the industry.

RECEIVED BY: IS-TEL. DATE: 6/25/83, 5:41 PM

(Mount Clipping in Space Below)

Piden pesquisar los vínculos de Deaver y el ELA

(Indicate page, name of newspaper, city and state.)

Date: 6/17/86
Edition: EL NUEVO DIA

Title: PIDEN PESQUISAR LOS VIN
LOS DE DEAVER Y EL ELA

Character:
or

Classification:

Submitting Office: SAN JUAN - Pg. 14

Indexing:

LA MINORIA novoprogresista en el Senado pidió una investigación legislativa sobre las transacciones entre el Banco Gubernamental de Fomento y una firma norteamericana de corretaje, y la contratación del ex ayudante presidencial Michael Deaver para cabildear a favor de la administración Hernández Colón.

La petición está hecha en forma de reso-

lución, radicada por los novoprogresistas en el Senado y dada a la publicidad ayer por su portavoz, Roberto Rexach Benítez, a fin de que se ordene a las comisiones de Hacienda, Gobierno y de lo Jurídico del Senado a realizar la investigación.

El área para ser investigada y estudiada abarca, además de las transacciones entre el Banco Gubernamental y la firma Smith

Barney, Harris Upham and Co., y la contratación de Deaver como cabildero de la administración Hernández Colón, los pagos que éste recibió como resultado de sus gestiones en favor de la Sección 936.

ASIMISMO, se propone investigar los pagos recibidos por Deaver por gestiones de cabildeo en torno a acuerdos internacionales entre Japón y el Estado Libre Asociado de Puerto Rico.

Las comisiones senatoriales deberían también evaluar los procedimientos utilizados por el Banco Gubernamental para seleccionar las entidades privadas que habrán de realizar labor de corretaje para el ELA.

En conferencia de prensa, en el Capitolio, Rexach Benitez dijo que la información que ha salido a la luz pública sobre la intervención de Deaver en gestiones de cabildeo para el gobierno de Puerto Rico levanta "serias sospechas" sobre la forma en que la administración Hernández Colón pagó por tales servicios.

Planteó que ni el Gobernador ni el administrador de Fomento Económico, Antonio J. Colado, ni el presidente del Banco Gubernamental, José Ramón González, han explicado todavía la intervención de Deaver -actualmente bajo investigación de un fiscal especial federal- ni cómo fue compensado el ex jefe de Personal de la



Michael Deaver: bajo la lupa senatorial.
Casa Blanca.

EN LA EXPOSICION de motivos de la resolución se alude a información publicada que revela que la compañía de corretaje mencionada suscribió la emisión de bonos más grande en la historia de Puerto Rico - 500 millones de dólares - recibiendo una compensación de \$975,000, la cual ha sido catalogada por expertos de la industria como excesiva.

TRANSLATION

EL MUNDO

6/17/86

PNP REQUESTS INVESTIGATION ON DEALINGS WITH
THE GOVERNMENT DEVELOPMENT BANK

By

Nelson Gabriel Maldonado

The spokesman for the New Progressive Party minority in the Senate, ROBERTO REXACH BENITEZ, radicated a resolution yesterday for the investigation of "very irregular, very suspicious and very dangerous" transactions among the Government Development Bank, the firm SMITH BARNEY, HARRIS UPHAN & Co. and lobbyist MICHAEL DEAYER.

REXACH BENITEZ stated in a press conference, "the Governor should clarify if the government is the object of investigation by the Federal Government, because on stating that he cannot make any comments on the subject because the case is presently the subject of a judicial process he insinuates that it is being investigated".

The resolution states that neither Governor RAFAEL HERNANDEZ COLON nor the Administrator of Economical Development, ANTONIO COLORADO nor the President of the Government Development Bank, JOSE R. GONZALEZ, have explained the intervention of DEAYER in measures of lobbying for the Government of Puerto Rico in

TRANSLATED BY: LS ON 6/25/86, SAN JUAN

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favor of the 936 or how he was compensated.

DEAVER, ex-aid to President RONALD REAGAN, is under investigation of the Federal Department of Justice for violating the lobbying law, utilizing his influences in the White House.

REXACH indicated that the SMITH BARNEY firm, which subscribed at the end of 1985 the largest emission of bonds in the history of Puerto Rico for \$500 million for the BGF, admitted that DEAVER was "loaned" to the government of Puerto Rico to lobby for the 936.

The resolution states, "the ties between DEAVER and Puerto Rico and the way in which SMITH BARNEY could have payed him for his lobbying services are very delicate matters which need clarification with no further delay".

In the same, the Treasury Commission of the Local Government and the Senate Judiciary were ordered to investigate the transactions.

REXACH BENITEZ alleged that according to information, DEAVER was paid \$975,000 for the expenses of the bond emissions only, without counting the commissions and emoluments.

The legislator classified the situation as a "grave scandal" and stated that the government of HERNANDEZ COLON "has been surprised 'in fraganti' red-handed".

Nevertheless, he admitted that he only has suspicions and no overwhelming proof of what he states.

TRANSMITTED BY: C. ALFONSO DIAZ ON 4/25/86, CAP. GUAL

PNP pide investigar sus tratos con Fomento

Por Nelson Gabriel Berrios
REDACCION DE EL MUNDO

El portavoz de la minoría novoprogresista en el Senado, Roberto Rexach Benítez, radicó una resolución ayer para que se investiguen las transacciones "muy irregulares, muy sospechosas y muy peligrosas" entre el Banco Gubernamental de Fomento, la firma Smith Barney, Harris Upham & Co. y el cabildero Michael Deaver.

El Gobernador debe aclarar si el gobierno está siendo objeto de investigación por el gobierno federal, pues al decir que no puede comentar el asunto porque el caso está subjudice insinúa que está siendo investigado", dijo Rexach Benítez en conferencia de prensa.

La resolución plantea que ni el gobernador Rafael Hernández Colón, ni el administrador de Fomento Económico, Antonio Colorado, ni el presidente del Banco Gubernamental de Fomento, José R. González, han explicado la intervención de Deaver en gestiones de cabildero para el gobierno de Puerto Rico en favor de las 936 ni cómo fue compensado.

Deaver, ex asesor del presidente Ronald Reagan, está bajo investigación del Departamento de Justicia federal por violación

a la ley de cabildero, utilizando sus influencias en la Casa Blanca.

Rexach indicó que la firma Smith Barney, que suscribió a fines de 1985 la emisión de bonos más grande en la historia de Puerto Rico por \$500 millones para el BGF, admitió que Deaver fue "prestado" al gobierno de Puerto Rico para cabildar por las 936.

Tanto la vinculación de Deaver con Puerto Rico como la forma en que Smith Barney le pudo haber pagado por sus servicios de cabildero son asuntos sumamente delicados que tienen que ser esclarecidos sin mayor dilación", dice la resolución.

En la misma se ordena a las Comisiones de Hacienda, de Gobierno Estatal y de lo Jurídico del Senado que investiguen las transacciones.

Rexach Benítez alegó que según informaciones se le pagó \$975,000 a Deaver sólo por los gastos de la emisión de bonos, sin contar las comisiones y honorarios.

El legislador catalogó la situación de "grave escándalo" y declaró que el gobierno de Hernández Colón "ha sido sorprendido in fraganti" con las manos en la masa.

Sin embargo, admitió que sólo tiene sospechas y no pruebas contundentes de lo que plantea.

(Indicate page, name of newspaper, city and state.)

Date: 6/17/86

Edition: EL MUNDO Pg. 7

Title: PNP PIDE INVESTIGAR SUS
TRATOS CON FOMENTO

Character:

or

Classification:

Submitting Office:

SAN JUAN

Indexing:



11 MICHAEL R. DEEVER,
FORMER CHIEF OF STATE
AND ASSISTANT TO THE
PRESIDENT,
E F G A
OO: FBIHQ
BU 211-25

June 19, 1986

AR
[Redacted]
New York, New York 10017

Dear [Redacted]:

Enclosed for hand delivery to [Redacted] are 117
news articles relating to Michael R. Deever.

These articles are being hand delivered to
[Redacted],
[Redacted].

Our Public Corruption Unit will continue to collect
news articles relative to the Deever matter and supply them to
you on a timely basis.

Please advise if I can be of further assistance.

Sincerely,
[Signature]

[Redacted]
Law Enforcement Services

1 - [Redacted] - Enclosures (117) (Hand Delivered)

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Exec AD Adm. — [Redacted] (5) dlt

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Director's Sec'y —

MAIL ROOM ☐

ENCL. BEHIND FILE
1 - ENCLOSURE

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FM HONG KONG

TO DIRECTOR FBI ROUTINE 230-17

ATTN: MYRON FULLER, PUBLIC CORRUPTION UNIT, CID

UNCLAS E F T O

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT OF
INTEREST; OO:FBIHQ.

RE BUREAU TEL JUNE 13, 1986.

HONG KONG INDICES NEGATIVE. NO PERTINENT INFORMATION.

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211-25-31
AUG 21 1986

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P 171412Z JUN 86

FM LONDON (211-2)

TO DIRECTOR PRIORITY

BT

UNCLAS E F T O

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO

THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (ELIAG) -

CONFLICT OF INTEREST. OO: FBIHQ.

REBUTEL, JUNE 13, 1986.

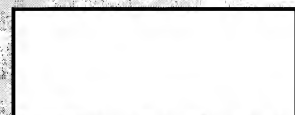
LONDON INDICES NEGATIVE REGARDING SUBJECT.

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JUN 20 1986

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FEDERAL BUREAU
OF INVESTIGATION

THE UNIVERSITY OF CHICAGO PRESS

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FM MONTEVIDEO (62-0-13)

TO DIRECTOR, PRIORITY 0113-17

ATTN: PUBLIC CORRUPTION UNIT, CID

BT

UNCLAS E E T O

MICHAEL M. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978: (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ.

REHOTEL DATED JUNE 13, 1986, AND BUREAU AIRTEL DATED
MAY 21, 1986.

THE INDICES OF THE LEGAL ATTACHE OFFICE, MONTEVIDEO ONLY
REFERENCED TO MICHAEL M. DEEVER IS AN ENCLOSURE TO REFERENCED
BUREAU AIRTEL, AND BEING FBIHQ COMMUNICATIONS RELATING TO
ETHICS IN GOVERNMENT ACT OF 1978.

BT

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AUG 21 1986

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211-25-27
4 JUN 26 1986

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(Rev. 5/1/86)

Federal Bureau of Investigation
Executive Assistant Director
Law Enforcement Services

6/10, 1986

☒ ~~Director~~

☐ Mr. Revell

☐ Mr. Glover

☐ Mr. Baker

☐ Mr. Bayse

☒ Mr. Clarke *ccm:*

☐ Mr. Davis

☐ Mr. Gast

☐ Mr. Geer

☐ Mr. McKenzie

☐ Mr. Monroe

☐ Mr. Sharp

☐ Mr. Sheer

☐ Mr. York

☐ Miss Devine

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Rm 3849

☐ Mr. Prillaman

☐ Mrs. Fitzsimmons

☐ Miss Gainey

☐ Mrs. Ray

☐ Miss A. Southers

☐ Miss Waldron

☐ For Approp. Action

☐ For Your Approval

☐ Initial & Return

☐ Please Call Me

☒ For Information

☐ Per Conversation

☐ See Comments (over)

☐ Please See Me

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Room

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Remarks:

*Judge Resolution of a
potential conflict of interest
matter in a case unrelated to
the DeLoach Independent Counsel
investigation but involving an Agent
and a defense counsel for Senator
Mark Hatfield who's now both
Assistant Independent Counsel
Department.*

FBI/DOJ

Room 3849

Ext. 3849

Memorandum



Exec AD
Exec AD Inv
Exec AD LES
Asst. Dir.:
Adm. Servs.
Crim. Inv.
Ident.
Insp.
Intell.
Lab.
Legal Coun.
Off. Cong. &
Public Affs.
Rec. Mgnt.
Tech. Servs.
Training
Telephone Rm.
Director's Sec'y

To :

Mr. Otto

b6
b7C

Date 6/10/86

From :

[Redacted]

Subject :

MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To make a record of an issue regarding a question of possible conflict of interest pertaining to WFO Special Agent [Redacted] and Assistant to Independent Counsel John Neilds.

RECOMMENDATION: None. For information purposes in view of the potential for a perception of conflict.

APPROVED:	Adm. Servs.	Laboratory
Director	Crim. Inv.	Legal Coun.
Exec. AD-Adm.	Ident.	Off. of Cong. & Public Affs.
Exec. AD-Inv.	Inspection	Rec. Mgnt.
Exec. AD-LES	Intell.	Tech. Servs.
		Training

DETAILS: On 4/29/86, the U. S. Court of Appeals, Washington, D.C., appointed Whitney North Seymour, Jr., a former U. S. Attorney for the Southern District of New York (SDNY) as Independent Counsel to investigate captioned matter for any violation of the Ethics in Government Act of 1978. Mr. Seymour has appointed as his assistants John Neilds, a Washington, D.C. attorney, and Paul Schectman, law professor for the University of Pennsylvania. Both Neilds and Schectman are former Assistant U. S. Attorneys, SDNY.

Mr. Neilds is presently defending Senator Mark O. Hatfield in a matter entitled "Mark O. Hatfield, U. S. Senator, Oregon; Basil Tsakos; Bribery/Conflict of Interest: Public Corruption Matter; OO: WFO." WFO Agent [Redacted] has been the case Agent on this matter since its inception in September, 1984, and has been selected by Mr. Seymour as one of the Agents who will assist Seymour in the investigation of Mr. Deever.

1 - Mr. Otto

1 - [Redacted]

MRF:dlt (3)

(CONTINUED - OVER)

AUG

1986

FBI/DOJ

Memorandum from [] to Mr. Otto
RE: MICHAEL K. DEEVER

On 6/6/86, Mr. Seymour advised me that he has instructed SA [] and Mr. Neilds not to discuss the Hatfield case and further stated that if that case is reassigned, he is of the opinion that there no longer exists a potential for a legal conflict between SA [] and Mr. Neilds. Mr. Seymour also advised that Mr. Neilds will not be closely involved in captioned matter until September, 1986, in view of other matters to which Mr. Neilds is committed.

On 6/6/86, SA [] advised he has requested that the Hatfield case be reassigned. He further stated that he does not anticipate being a witness in the Hatfield case and that the matter will be brought to a conclusion in the near future.

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On 6/9/86, I discussed this matter with Supervisor [] Legal Counsel Division. Supervisor [] opined that there was no legal conflict of interest.

On 6/9/86, I also discussed this matter with [] Public Integrity Section, Department of Justice. [] also opined that there was no legal conflict of interest and saw no reason why SA [] should be replaced. [] further advised that the only conflict would be one perceived by someone attempting to create an issue worthy of media attention.

(Rev. 5/1/86)

Federal Bureau of Investigation
Executive Assistant Director
Law Enforcement Services

6/9, 1986

____ Director
____ Mr. Revell
____ Mr. Glover
____ Mr. Baker
____ Mr. Bayse
____ Mr. Clarke
____ Mr. Davis
____ Mr. Gast
____ Mr. Geer
____ Mr. McKenzie
____ Mr. Monroe
____ Mr. Sharp
____ Mr. Sheer
____ Mr. York

____ Miss Devine

Mr. Prillaman

____ For Approp. Action
____ For Your Approval
____ Initial & Return
____ Please Call Me

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____ For Information
____ Per Conversation
____ See Comments (over)
____ Please See Me

✓ Mr. [Redacted]

Room 3849
TL 231

Remarks:

Mr. Otto would
like the attached to go
to file - Has the Judge's
approval -

FBI/DOJ

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[Redacted]
Room [Redacted] Ext. [Redacted]

6/5/86

JUDGE:

RE: MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

On 6/4/86, Whitney North Seymour, Jr., who was appointed as an Independent Counsel on 5/29/86 to investigate allegations in captioned matter, met with Gerald E. McDowell, Chief, Public Integrity Section, Department of Justice (DOJ), and advised of his intentions to request the FBI to handle the investigation in this case. He also specifically requested that WFO Agents [redacted] [redacted] [redacted] [redacted] and [redacted] who handled the preliminary inquiry in captioned case, be made available to conduct the investigation. b6 b7C

Mr. Seymour contacted Executive Assistant Director (EAD) John D. Glover on 6/4/86 in your absence to advise of his intentions to request that the above-named Agents be made available for this case. b6 b7C

On 6/5/86, a meeting was held between EAD Glover and the above Agents. Also in attendance was Delbert N. Dilbeck, Assistant to EAD Glover, [redacted] Unit Chief, Public Corruption Unit, and Supervisory Special Agent [redacted], Public Corruption Unit. The WFO Agents were instructed by EAD Glover that you have approved their assignment to assist Independent Counsel Seymour on this case. They were further instructed by EAD Glover on duties and responsibilities relative to this assignment. b6 b7C

Also, on 6/5/86, Mr. Seymour met with the WFO Agents and with Unit Chief [redacted] and Supervisor [redacted] regarding administrative support to be provided by FBIHQ.

I will keep you advised of further developments in this matter.

26 AUG 19 1986

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REC/AT
Sent 6:00 pm
6/5/86
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File - jg/ly

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FM BONN (211-3) (RUC)

TO DIRECTOR ROUTINE

BT

UNCLAS E F T O

ATTN: CID, PUBLIC CORRUPTION UNIT, SSA [REDACTED].

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETOICS IN GOVERNMENT ACT OF 1978 (EIGA) -

CONFLICT OF INTEREST. OO: FBIHQ

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REBONCAB DATED JUNE 19, 1986M

AS FBIHQ IS AWARE, SA'S [REDACTED] AND [REDACTED] ARRIVED
IN BONN JUNE 24, 1986, INTERVIEWED U.S. AMBASSADOR RICHARD BURT
AND HIS WIFE ON JUNE 25, 1986, AND THEN DEPARTED BONN ON
JUNE 26, 1986. IT IS NOTED THAT THREE U.S. CONGRESSMEN AND THEIR
STAFF AIDES WERE ALSO AT U.S. EMBASSY, BONN TO INTERVIEW
AMBASSADOR BURT ON JUNE 24, 1986, WHICH INTERVIEWS WERE THE SUBJECT
OF CONSIDERABLE U.S. MEDIA ATTENTION (TWO OR THREE TV CAMERA
CREWS POSTED OUTSIDE THE EMBASSY GATES).

SC advised
7/7/86

LEGAT WAS ADVISED ON JUNE 26, 1986, BY THE AMBASSADOR'S AIDE

AUG 5 1986

Exec. AD-1	
Exec. AD-2	
Exec. AD-LES	
Asst. Dir.:	
Adm. Servs.	
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26 JUL 15 1986

PAGE TWO-BON 211-3 UNCLAS E F T O

THAT A STORY APPEARED IN THAT MORNINGS WASHINGTON PAPERS ABOUT THE FBI INTERVIEW OF AMBASSADOR BURT, A DEVELOPMENT WHICH WAS UPSETTING TO BURT, BUT WHICH HE FELT WAS DEFINITELY CAUSED BY "LEAKS" IN WASHINGTON RATHER THAN AT BONN.

BONN CONSIDERING THIS MATTER RUC.

BT

L

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

AIRTEL

AK
TO: DIRECTOR, FBI
ATTN: WHITE COLLAR CRIME SECTION-
PUBLIC CORRUPTION

DATE: 6/30/86

SSA

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JCE/E
FROM: SAC, SAN JUAN (58A-170) (RUC)

MICHAEL K. DEEVER
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978
(EIGA)-CONFLICT OF INTEREST
OO: FBIHQ

Re FBIHQ teletype to all FBI Field Offices, dated
6/13/86.

Enclosed for FBIHQ are two copies each of the following
newspaper articles which appeared in the San Juan Star Newspaper:

- 1) "DEEVER's P.R. Lobbying Faces New Scrutiny",
(6/28/86).
- 2) "Ex-Banker Denies Role of DEEVER Connection",
(6/29/86).

The first article deals with MICHAEL DEEVER's lobbying
efforts on behalf of the Puerto Rican Government to encourage
Japanese manufacturers to establish manufacturing plants in
Puerto Rico.

2 ENCLOSURE

② Bureau
1- San Juan
RDM/sav
(3)

211-25-23

7 JUL 7 1986

SA [Signature]

AUG 5 1986 *AK*

SJ 58A-170

The second article relates to DEEVER's association with the investment firm of SMITH BARNEY, HARRIS UPHAM and Company (SBHU). SBHU managed a \$500 million general obligation bond issue in November, 1985 for the Puerto Rican Government.

DEEVER was utilized by Governor HERNANDEZ COLON's administration to lobby on behalf of retaining Section 936 of the U.S. Tax Code. Supposedly, SBHU provided DEEVER's services free of charge to Governor HERNANDEZ COLON's administration. This article indicated that some members of the San Juan Financial Committee believe SBHU overcharged the Government of Puerto Rico for the bond issue expenses and indicated that SBHU may have used some of the proceeds to pay DEEVER.

TO: DIRECTOR, FBI

FROM: SAC, SAN JUAN (58A-170)

MICHAEL K. DEEVER
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDNET;
ETHICS IN GOVERNMENT ACT OF 1978
(EIGA) -CONFLICT OF INTEREST
OO: FBIHQ

Enclosed for FBIHQ are two copies each of
the following articles which appeared in the
San Juan Star Newspaper:

- 1) "DEEVER's P.R. Lobbying Faces New Scrutiny",
(6/28/86).
- 2) "Ex-Banker Denies Role of DEEVER Connection",
(6/29/86).

San Juan airtel to the Bureau dated 6/30/86.

*1 copy each pulled
Independent Council*

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Date: 6/28/86
Edition: THE SAN JUAN STAR

Title: DEAVER'S P.R. LOBBYING
FACES NEW SCRUTINY

Character:
or
Classification:
Submitting Office: San Juan - Pgs. 1 & 10

Indexing:

Deaver's P.R. lobbying faces new scrutiny

WASHINGTON — Michael Deaver's lobbying efforts in Japan on behalf of the Hernández Colón administration are expected to come under the scrutiny of a House subcommittee shortly. A spokeswoman for the Energy and Commerce Subcommittee on Oversight and Investigations said Friday the panel will take up in the next week or so the question of whether Deaver

Exactly what Deaver did for the Puerto Rican government has never been entirely clear, although he did contact ambassador Mike Mansfield to try to persuade him that Puerto Rico had the political autonomy to enter into such an agreement.

violated the federal ethics law with his lobbying last year in Japan. The spokeswoman said it was not decided yet whether the subcommittee members would travel to Tokyo as part of the investigation or whether they would ask U.S. officials there to appear at hearings in Washington. Last year the Hernández Colón administration asked Deaver's help in its efforts to persuade the Japanese government to approve tax-sparing. See DEAVER, Page 10.

(Mount Clipping in Space Below)

Ex-banker denies role of Deaver connection

Former Government Development Bank (GDB) President José Oyola, who headed the institution when a Wall Street firm linked to Washington lobbyist Michael K. Deaver was picked to handle Puerto Rico's largest-ever bond issue, claims that the Deaver connection never influenced the decision.

"I didn't know that Deaver was paid by Smith Barney," Oyola said in a telephone interview. The former GDB chief, now teaching finance at the University of Puerto Rico's Mayaguez campus, said he never met Deaver and that the latter never visited the GDB offices.

Some members of the San Juan financial community contend that Smith Barney, Harris Upham & Co., the firm which managed a \$500 million general obligations bond issue last November, charged too much for expenses. Smith Barney quoted \$975,000 for expenses, an average of \$1.95 per thousand. Critics affirm that a proper charge would have been \$1.30 to \$1.35 per thousand. The Smith Barney bill reportedly included expenses incurred by the other firms in the underwriting syndicate.

San Juan Mayor Baltasar Corrada del Río has urged the Securities & Exchange Commission (SEC), and the special U.S. Justice Department investigator probing Deaver lobbying activities, to determine whether Deaver was paid for his lobbying efforts on behalf of Puerto Rico with the proceeds of this bond issue. Also, Corrada said there is "a question of whether Smith Barney was using Mr. Deaver as bait to force itself as managing partner" of the November bond issue.

Smith Barney had Deaver, the politically well-connected former White House deputy chief of staff, lobby on behalf of retaining Section 936 of the U.S. tax code. The Wall Street firm contends it provided Deaver's services free of charge to the Commonwealth.

(Indicate page, name of newspaper, city and state.)

Date: 6/29/86

Edition: THE SAN JUAN STAR

Title: EX-BANKER DENIES ROLE OF DEAVER CONNECTION

Character:

or

Classification:

Submitting Office: SAN JUAN - Pg. 3

Indexing:

It is unknown here whether the Deaver investigations will include probing into his activities on behalf of Section 936, or whether the expenses collected by Smith Barney for handling the \$500 million bond issue included payments to Deaver. Gov. Hernández Colón said in a radio interview Saturday that he has received no information indicating that the congressional committee probing Deaver's activities will come to Puerto Rico.

An itemized breakdown of the expenses presented by Smith Barney, as described to the STAR by incumbent GDB President José Ramón González, did not mention Deaver.

The GDB has not responded to a request by the STAR to see the rival proposals made by the several companies that competed with Smith Barney to manage the bond issue.

Oyola said Smith Barney was chosen for several reasons, including:

- The firm's reputation as a specialist in refinancing securities. The November issue included \$351 million in Public Improvement Refunding Bonds, replacing more costly outstanding bonds.
- The fact that Smith Barney carried a large number of Puerto Rican securities in its portfolio, and could make a good secondary market.
- Smith Barney had prepared an analysis of the negative impact that a repeal of:

Section 936 would have on the marketability of Puerto Rican securities. Smith Barney, in its analysis, claimed that the reduction of 936 company presence in Puerto Rico would seriously weaken the demand for Puerto Rican securities, requiring the Commonwealth to offer higher interest on its bonds.

The analysis was much used by Section 936 defenders in their successful campaign to persuade Congress to reject U.S. Treasury demands that Section 936 be phased out. Section 936, which permits U.S. subsidiaries here to remit profits to their parent firms free of U.S. income tax, is regarded by some Treasury officials as a tax loophole.

Local critics, questioning Smith Barney's capability, contend that in the past the firm has performed poorly in marketing Puerto Rican securities. First Federal Savings president Mariano Mier, a GDB president during the first Romero administration, has said that in 1977 the GDB dropped Smith Barney from its list of authorized underwriters because of an allegedly mediocre performance.

Oyola, queried about Smith Barney's reported 1977 elimination, replied: "We never examined the track record of Smith Barney before 1977." Affirming that the bond underwriting scene has changed "radically" since 1977, Oyola said: "We did not penalize Smith Barney (by) examining what had happened eight years before."

The former GDB head was also questioned about the bank's controversial decision to hire a Miami law firm to handle some of its bond issues, including the \$500 million issue, instead of continuing with the Wall Street firm of Brown, Wood, Ivy and Petty as the Commonwealth's exclusive bond counsel.

The comment has been made repeatedly in San Juan financial circles that the choice of the Miami law firm of Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen & Quentel was a political favor, done at the behest of La Fortaleza. One of the firm's partners is former Florida governor Rubin Askew, a middle-of-the-road Democrat.

Oyola denied that politics figured in the choice of the Miami firm. He said that Brown, Wood, Ivy and Petty was no longer giving the GDB fully satisfactory service. The latter firm was suffering from a "lot of turn-over," and the attorney handling Puerto Rican affairs was "over the hill," Oyola explained.

By contrast, the Miami firm was "a growing firm," he added. Oyola denied a report that the Miami firm had never handled a bond issue before winning the Puerto Rican account.

Greenberg, Traurig, Askew, Hoffman, Lipoff, Rosen & Quentel, the Miami firm, also served as bond counsel for a \$275 million Puerto Rico Electric Power Authority issue floated August 7, 1985. That issue became the source of dispute between PREPA and the lead underwriter, PaineWebber, because the latter allegedly miscalculated the benefits to PREPA from the issue.

PREPA Finance Director José A. Del Valle, affirming that the Miami firm performed well as bond counsel, excused it from any responsibility for the error. Another firm, an independent Wall Street consultant called James Lowrey, Inc. was responsible for checking the calculations, Del Valle said.

Memorandum



Exec AD Adm. 4713
Exec AD Inv. 4713
Exec AD LES 4713
Asst. Dir.:
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Crim. Inv. 4713
Ident. 4713
Insp. 4713
Intell. 4713
Lab. 4713
Legal Coun. 4713
Off. Cong. & Public Affs. 4713
Rec. Mgnt. 4713
Tech. Servs. 4713
Training 4713
Telephone Rm. 4713
Director's Sec'y 4713

To : Mr. Otto

Date 6/25/86

From :



b6
b7C

Subject : MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To advise of the replacement of Washington Field Office (WFO) Agent as one of four Special Agents assigned to the Independent Counsel's investigation of captioned matter. Per your instructions the following recommendations are being made.

RECOMMENDATION: (1) That a copy of this memo be provided Special Agent in Charge (SAC) Dana E. Caro, WFO.

Director <u>WFO</u>	Exec AD-Inv. <u>WFO</u>	Exec AD-LES <u>WFO</u>
Adm. Servs. <u>WFO</u>	Crim. Inv. <u>WFO</u>	Ident. <u>WFO</u>
Legal Coun. <u>WFO</u>	Off. of Cong. & Public Affs. <u>WFO</u>	Rec. Mgnt. <u>WFO</u>
Tech. Servs. <u>WFO</u>	Training <u>WFO</u>	

(2) That a copy of this memo be placed in SA personnel file and that the information contained herein be made known to his rating official at his next performance appraisal.

Director <u>WFO</u>	Exec AD-Inv. <u>WFO</u>	Exec AD-LES <u>WFO</u>
Adm. Servs. <u>WFO</u>	Crim. Inv. <u>WFO</u>	Ident. <u>WFO</u>
Legal Coun. <u>WFO</u>	Off. of Cong. & Public Affs. <u>WFO</u>	Rec. Mgnt. <u>WFO</u>
Tech. Servs. <u>WFO</u>	Training <u>WFO</u>	

- 1 - Mr. Otto
- 1 -
- 1 - Personnel file of

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26 JUL 1986

F:daj (4)

(CONTINUED - OVER)

6/25/86 Copy sent to

1986 AR

FBI/DOJ

Memorandum to [] from []
RE: MICHAEL K. DEEVER

ability to conduct probing interviews and to later become an effective witness. SA [] further advised that Messrs. [] and [] then had a discussion with Mr. Seymour regarding these concerns.

SA [] advised me later on 6/19/86, that Mr. Seymour had requested him to commence efforts to replace SA [] inasmuch as he had the same observation as Messrs. [] and [] regarding the concerns expressed previously.

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On 6/20/86, I met with you on this matter and efforts were begun to have SAC Caro select another WFO Agent to replace SA []

On 6/20/86, I advised SA [] that Mr. Seymour had requested that he be replaced as one of the WFO Agents assigned to this matter. SA [] was advised that he was being relieved of his duties on this particular matter for an apparent lack of sensitivity to the importance of this case. He was also advised that concern had been expressed by Mr. Seymour regarding his level of expertise in conducting probing interviews and recall of pertinent information, which are essential to an investigation of highly sensitive nature.

During the period of 6/20-22/86, I had discussions with SAC Caro and SA [] regarding the selection of a suitable Agent for this matter to replace SA []. During those discussions, the name of WFO SA [] surfaced as being suitable and available for assignment to the Independent Counsel.

On 6/23/86, SA [] met with you for instructions on performance expectations of him during his assignment to this matter. You repeated the performance standards as instructed to the other three WFO Agents assigned to this investigation.

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In furtherance of your instructions, you advised SAC Caro of this matter and instructed admonishment of SA [] and that the performance of SA [] in this case be brought to the attention of his rating official at his next performance appraisal.

Memorandum to [] from []
RE: MICHAEL K. DEAVER

DETAILS: By letter dated 4/30/86, Stephen S. Trott, Assistant Attorney General, Department of Justice (DOJ), requested the FBI to conduct an inquiry into allegations that Michael K. Deaver may have violated the laws of EIGA.

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By request of FBIHQ, SAC Dana E. Caro selected and provided WFO Agents [] and [] to conduct the inquiry investigation which was initiated on 5/5/86.

During the period 5/5-22/86, information developed by the above-named Agents and provided to the Public Integrity Section, DOJ, was deemed sufficient by the DOJ to recommend appointment of an Independent Counsel on certain issues related to the investigation.

On 5/29/86, the U.S. Court of Appeals, Washington, D.C., appointed Whitney North Seymour, Jr., as Independent Counsel, and on 6/4/86, following his meeting with the DOJ officials, Mr. Seymour requested that the four above-named Agents be made available to continue to investigate this matter and report to him.

On 6/5/86, in your absence, Executive Assistant Director John D. Glover instructed the above-named Agents on the significance of this case and of the performance standards expected of them in the execution of their duties in this matter.

On 6/12/86, the above-named Agents met with you at which time they were instructed on the quality work product and professionalism expected of them. They were further instructed on the sensitivity of this matter and of the relationship with the Independent Counsel and of the responsiveness due him at all times. You also advised them to apply the FBI's highest standards of performance at all times during the execution of their duties in this matter.

On 6/19/86, SA [] advised me that he was approached on 6/19/86 by two of Mr. Seymour's [] and [], with concerns regarding the performance of SA []. They expressed concern as to SA [] sensitivity to the importance of this case and of his

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FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/24/86

TO: DIRECTOR, FBI (211-25)

FROM: ADIC, NEW YORK (211-7) (RUC) (C-12)

SUBJECT: MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT; EFFECTS IN GOVERNMENT ACT OF
 1978 (EIGA)-CONFLICT OF INTEREST; OO: FBIHQ

ReButelcal on 6/23/86, from SSA [redacted] Public Corruption
 Unit.

Enclosed for the Bureau are two (2) sets of fingerprints
 taken on 6/24/86 from [redacted] and [redacted]
 employees of [redacted]

Inasmuch as this lead has been completed, this matter will be
 considered RUC.

② - Bureau (Encls. 4)

1 - New York (211-7)

DLB:lamb

(3)

1 airtel-wcc

ME/qa

7/1/86

Enclosed fingerprints (4)
 Provided to [redacted]
 7/2/86

4 JUN 27 1986

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Approved: _____ Transmitted _____ (Number) (Time) Per [redacted]

AUG 5 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.44 (#5384).

TEXT:

SF 0016 1700132Z

OO HQ

DE SF 0016

O 180120Z JUN 86

FM SAN FRANCISCO (211-0) (RUC)

TO DIRECTOR (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST, OO: FBIHQ.

REBUTEL TO ALL FIELD OFFICES DATED JUNE 13, 1986.

A REVIEW OF INDICES FOR MICHAEL K. DEAVER WAS NEGATIVE, EXCEPT
FOR THE SPECIAL INQUIRY INVESTIGATION WHICH WAS CONDUCTED ON HIM
IN 1981 FOR HIS PRESIDENTIAL APPOINTMENT (SF FILE 161B-3556).

BT

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AUG 5 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.244 (#5497)

TEXT:

SC00005 1690530

OO HQ

DE SC

O 190530 JUN 86

FM SACRAMENTO (211-00-13) (RUC)

TO DIRECTOR IMMEDIATE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT
OF 1978 (EIGA) - CONFLICT OF INTEREST. OO: FBIHQ.

REBUTEL TO ALL FIELD OFFICES AND LEGAL ATTACHES,
JUNE 16, 1986.

MICHAEL KEITH DEEVER IS REFERENCED IN SC FILE
161B-754 CAPTIONED "MICHAEL KEITH DEEVER; SPIN, BUDED:
FEB 19, 1981, WITHOUT FAIL", TELS (4) TO BUREAU DATED
FEB 18 AND FEB 19, 1981.

BT

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AUG 5 1986

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FORMS.TEXT HAS 1 DOCUMENT

INBOX.213 (#5385)

TEXT:

SF 0016 1700132Z

OO HQ

DE SF 0016

O 180120Z JUN 86 RESEND

FM SAN FRANCISCO (211-0) (RUC)

TO DIRECTOR (IMMEDIATE)

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF
INTEREST, OO: FBIHQ.

REBUTEL TO ALL FIELD OFFICES DATED JUNE 13, 1986.

A REVIEW OF INDICES FOR MICHAEL K. DEEVER WAS NEGATIVE, EXCEPT
FOR THE SPECIAL INQUIRY INVESTIGATION WHICH WAS CONDUCTED ON HIM
IN 1981 FOR HIS PRESIDENTIAL APPOINTMENT (SF FILE 161B-3556).

BT

AUG 5 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.33 (#5051)

TEXT:

TF0002 1091434Z

OO HQ

DE TP

O 181433Z JUN 86

FM TAMPA (211-4) (SQ. 3) (P)

TO DIRECTOR IMMEDIATE

BT

UICLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA-CONFLICT OF INTEREST) OO: FBIHQ

RE BUTEL TO ALL OFFICES, JUNE 13, 1986.

BUREAU AIRTELS TO ALL SACS, MAY 21, 1986; JULY 26, 1985; OCTOBER 29, 1984; JUNE 29, 1983; JULY 22, 1981, CAPTIONED "ETHICS IN GOVERNMENT ACT OF 1978".

A REVIEW OF THE INDICES OF THE TAMPA DIVISION REVEALED NO INFORMATION CONCERNING MICHAEL K. DEEVER WITH THE EXCEPTION OF HIS NAME WHICH WAS INCLUDED IN REFERENCED LISTS OF INDIVIDUALS SUBJECT TO INDEPENDENT COUNSEL PROVISION OF THE ETHICS IN GOVERNMENT ACT OF 1978.

TAMPA WILL REPORT ANY ADDITIONAL INFORMATION WHICH COMES TO THE ATTENTION OF THIS OFFICE AS REQUESTED IN BUTEL TO ALL OFFICES, 6/13/86.
BT

AUG 5

1986

P 170000 JUNE 86

FM LEGAL ATTACHE CANBERRA

TO DIRECTOR FBI PRIORITY 255-1457 JUN 86 07 37H
ATTN: PUBLIC CORRUPTION UNIT, CID

RECEIVED
TELETYPE UNIT

Exec AD-Adm.	
Exec AD-Inv.	
Exec AD-LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Inspection	
Intell.	
Laboratory	
Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Telephone Rm.	
Director's Sec'y	

BT

UNCLAS E F T O

MICHAEL K. BEAVER, FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT. ETHICS IN GOVERNMENT ACT OF 1978
(EIGA) - CONFLICT OF INTEREST. OO FBING

RE BUTEL JUNE 13, 1986.

CANBERRA INDICES CONTAIN NO INFORMATION CONCERNING SUBJECT
OTHER THAN REFERENCE TO INDEPENDENT COUNSEL PROVISION OF
EIGA.

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211-25-14
FBI OFFICE
JUL 1 1986
JUL 12 1986

AUG 5 1986

BEG

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154355Z JUN 86

17 JUN 86 09:54

Exec AD-Adm.	
Exec AD-Inv.	
Exec AD-LES	
Asst. Dir.:	
Adm. Servs.	
Crim. Inv.	
Ident.	
Intell.	
Lab.	
Legal Coun.	
Off. of Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Telephone Rm.	
Director's Sec'y	

154355Z JUN 86

FM ATTORNEY GENERAL (211-0)

TO DIRECTOR, FBI

BT

UNCLAS

MICHAEL K. DEATHER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT: ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF INTEREST: NO FINDINGS.

REMITAL TO ALL FIELD OFFICES, JUNE 13, 1986.

ENCLOSURE INCLUDES NEGATIVE RE DEATHER OTHER THAN THAT HIS NAME IS INDEXED TO BUREAU Airtel MAY 21, 1986, AND BUREAU, WHICH LISTED OFFICIALS SUBJECT TO THE INDEPENDENT COUNSEL PROVISIONS OF THE ETHICS IN GOVERNMENT ACT OF 1978.

BT

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211-25-15

2 JUL 1 1986

AUG 5 1986

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PP HQ

DE OC

P 17 1710Z JUN 86

FM OKLAHOMA CITY (211-2) (RUC)

TO DIRECTOR, FBI PRIORITY

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978, (EIGA) - CONFLICT OF INTEREST; OO: FBIHQ.

RE BUREAU TELETYPE TO ALL OFFICES, JUNE 13, 1986.

INDICES OF OKLAHOMA CITY OFFICE CONTAIN NO REFERENCES TO MICHAEL K. DEEVER WHICH ARE PERTINENT TO THE INVESTIGATION BY THE INDEPENDENT COUNSEL. THE ONLY REFERENCES ARE 66-3030 AND 211-00 WHICH ARE CONTROL FILES IDENTIFYING INDIVIDUALS SUBJECT TO THE ETHICS IN GOVERNMENT ACT OF 1978 AND IDENTIFYING DEEVER AS A DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT.

ALL EMPLOYEES IN OC DIVISION ARE BEING ADVISED THAT ANY INFORMATION PERTAINING TO CAPTIONED INVESTIGATION COMING TO THEIR ATTENTION MUST IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THEIR SUPERVISOR FOR REFERRAL TO FBIHQ.

BT

AUG 5 1986

FORMS.TEXT HAS 1 DOCUMENT

INBOX.18 (#4288)

TEXT:

PG00009 167 2145Z

RR HQ

DEPG

R162145Z JUN 86

FM PITTSBURGH (211-00)

TO DIRECTOR ROUTINE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASST. TO THE
PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT OF
INTEREST (OO: FBIHQ)

RE BUREAU TEL TO ALL FIELD OFFICES, JUNE 13, 1986.

PG INDICES NEGATIVE REGARDING INFORMATION PERTINENT TO CAPTIONED
INVESTIGATION.

BT

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5 1986

AR

SA0001 1672153Z

OO HQ

DE SA

O 162153Z JUN 86

FM SAN ANTONIO (211-4) (RUC)

TO DIRECTOR, IMMEDIATE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY, CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT
OF INTEREST; OO: FBIHQ

RE BUREAU TELETYPE TO ALL FIELD OFFICES, DATED JUNE 13, 1986.

SAN ANTONIO INDICES GENERAL/WOODMUR AND ELSUR/INFORMANT FAILED
TO REVEAL ANY IDENTIFIABLE INFORMATION PERTINENT TO THE INVESTIG-
ATION OF ABOVE CAPTIONED SUBJECT BY THE INDEPENDENT COUNSEL.

BT

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211-25-1
JUN 18 1986

RE: 211-25-1

1986

16 JUN 86 01 30Z
DNO 001 157 2126Z
06 HQ
DE DR
0 16 2300Z JUN 86

RECEIVED
TELETYPE UNIT

16 JUN 86 01 30Z

FM DENVER (211-NEW) (RUC)
TO DIRECTOR IMMEDIATE

BT

UNCLAS

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO
THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1976 (EIGA) -
CONFLICT OF INTEREST; OO: FBIHQ.

RE FBIHQ TELETYPE TO ALL OFFICES, JUNE 13, 1986.

DENVER OFFICE CFR AND ELSUR INDICES NEGATIVE.

DENVER OFFICE INDICES POSITIVE FOR SUBJECT AS FOLLOWS:

1. FBIHQ AIRTEL OF JUNE 27, 1983, REGARDING EIGA OF 1976,
REVISED LIST INDICATING THAT SUBJECT WAS SUBJECT TO THE
INDEPENDENT COUNSEL PROVISION.

2. FBIHQ AIRTEL OF OCTOBER 29, 1984, REGARDING EIGA
OF 1976, REVISED LIST INDICATING THAT SUBJECT WAS SUBJECT TO THE
INDEPENDENT COUNSEL PROVISION.

211-25-10
2 JUL 1 1986

AUG 5 1986

PAGE TWO

DN 211-NEW

UNCLAS

ALL EMPLOYEES ARE BEING MADE AWARE OF THE INSTRUCTIONS
IN RE TELETYPE. DENVER IS PLACING THIS MATTER IN RUC STATUS.

BT

NOO 011 167 2317

PP HQ

DE NO

0 P QY

NOO 011 167 2317

PP HQ

DE NO

P 16 2209Z JUN 86

FM NEW ORLEANS (211-4) (P)

TO DIRECTOR PRIORITY

BT

UNCLAS E F T O

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA)-CONFLICT OF INTEREST. OO: BUREAU.

RE BUTEL TO ALL FIELD OFFICES DATED JUNE 13, 1986.

SEARCH OF NEW ORLEANS INDICES REGARDING MICHAEL K. DEEVER FAILED TO LOCATE ANY INFORMATION IDENTIFIABLE WITH DEEVER AND PERTINENT TO THE INVESTIGATION OF THE INDEPENDENT COUNSEL.

BT

Exec AD-Adm.	
Exec AD-Inv.	
Exec AD-LES	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Inspection	
Intell.	
Lab.	
Legal Coun.	
Off. Cong. & Public Aff.	
Rec. Mgmt.	
Tech. Serv.	
Training	
Telephone Rm.	
Director's Sec'y	

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DWCS

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211-25-9

2 JUL 1 1986

AUG 5 1986

VZCZCMEX645 1671950

O 161850Y JUN 86

FM MEXICO CITY (211-DEAD)

TO DIRECTOR FBI IMMEDIATE

BT

UNCLAS

ATTENTION: PUBLIC CORRUPTION UNIT, CID

MICHAEL K. DEEVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT TO

THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) - CONFLICT OF

INTEREST; OO: FBIHQ

RE BUTEL, JUNE 13, 1986.

INDICES OF OFFICE OF THE LEGAL ATTACHE, MEXICO CITY, REVIEWED ON
JUNE 13, 1986, CONTAINED NO REFERENCE TO MICHAEL K. DEEVER.

BT

Exec AD-Adm.	
Exec AD-Inv.	
Asst. Dir.:	
Adm. Serv.	
Crim. Inv.	
Ident.	
Inspection	
Intell.	
Laboratory	
Legal Coun.	
Off. Cong. & Public Affs.	
Rec. Mgmt.	
Tech. Servs.	
Training	
Off. of Liaison & Int. Affs.	

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211-25-7
2 JUL 1 1986

RECEIVED
CHIEF OF BUREAU
JUL 1 1986

AUG 5 1986

(Rev. 5/1/86)

Federal Bureau of Investigation
Executive Assistant Director
Law Enforcement Services

6/12, 1986

☒ Director
☐ Mr. Revell
☐ Mr. Glover
☐ Mr. Baker
☐ Mr. Bayse
☐ Mr. Clarke
☐ Mr. Davis
☐ Mr. Gast
☐ Mr. Geer
☐ Mr. McKenzie
☐ Mr. Monroe
☐ Mr. Sharp
☐ Mr. Sheer
☐ Mr. York

Miss Devine

b6
b7C

Mr. Prillaman

☐ For Approp. Action
☒ For Your Approval
☐ Initial & Return
☐ Please Call Me

☐ For Information
☐ Per Conversation
☐ See Comments (over)
☐ Please See Me

M Room

Remarks: _____

FBI/DOJ

Thank you, Judge

John E. Otto
John E. Otto
Room 7110, Ext. 5555

Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.:
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

To : Mr. Otto

Date 6/12/86

From :

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Subject : MICHAEL K. DEAVER,
 FORMER DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
 CONFLICT OF INTEREST
 OO: FBIHQ

PURPOSE: To provide details of meetings with and to advise of certain requests made by Independent Counsel Whitney North Seymour, Jr.

RECOMMENDATIONS: (1) That approval be given for Washington Field Office (WFO) Special Agents (SAs) [redacted] and [redacted] to be administratively assigned to Independent Counsel Whitney North Seymour, Jr. for an unlimited period of time.

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APPROVED: [Signature]
 Director _____
 Exec. AD-Adm. _____
 Exec. AD-Inv. _____
 Exec. AD-LES _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Inspection _____
 Intell. _____
 Laboratory _____
 Legal Coun. _____
 Off. of Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____

(2) That the Agents be permitted to maintain separate Number 1 registers to be submitted weekly to the WFO squads to which the Agents are assigned.

APPROVED: [Signature]
 Director _____
 Exec. AD-Adm. _____
 Exec. AD-Inv. _____
 Exec. AD-LES _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Inspection _____
 Intell. _____
 Laboratory _____
 Legal Coun. _____
 Off. of Cong. & Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____

1 - Mr. Otto

1 - [redacted]

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MRF:dlt (3) [Signature]

(CONTINUED - OVER)

26 JUL 1986

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1986

AR

FBI/DOJ

Memorandum from [redacted] to Mr. Otto
RE: MICHAEL K. DEEVER

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(3) Approval for payment by the Office of the Independent Counsel of travel expenses incurred by these Agents through their submission of vouchers to that Office.

~~APPROVED~~ *WJD*
Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Serv. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

(4) After the Independent Counsel occupies space on the seventh floor of the U. S. District Court, Third Street and John Marshall Place, on Constitution Avenue, Washington, D.C., that WFO be authorized to conduct an electronic sweep of these premises.

~~APPROVED~~ *WJD*
Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Serv. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

(5) That WFO provide necessary vehicles and clerical support for an interim period until the Office of the Independent Counsel has established office quarters for facilitating administrative duties.

~~APPROVED~~ *WJD*
Director _____
Exec. AD-Adm. _____
Exec. AD-Inv. _____
Exec. AD-LES _____
Adm. Serv. _____
Crim. Inv. _____
Ident. _____
Inspection _____
Intell. _____
Laboratory _____
Legal Coun. _____
Off. of Cong. & Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____

DETAILS: On 6/5/86, a meeting was held in the Conference Room at the U. S. Attorney's Office, 555 4th Street, Washington, D.C., between Independent Counsel Whitney North Seymour, Jr., Unit Chief [redacted] and Supervisor [redacted] Also in attendance was [redacted]

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[redacted] and presently a law professor at the University of Pennsylvania, and [redacted] and now a Washington, D.C. attorney. Messrs. [redacted] and [redacted] were identified as being assistants to Independent Counsel Seymour in this matter. Other

Memorandum from [] to Mr. Otto
RE: MICHAEL K. DEEVER

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FBI personnel present were WFO Agents [] []
[] and [] who have been
assigned to assist Independent Counsel Seymour in this case.

Independent Counsel Seymour was advised of the
administrative support role provided by the Public Corruption
Unit.

Mr. Seymour inquired about security clearances for
himself and his assistants in view of any classified information
that may be developed in this matter. He was advised that
efforts would commence immediately to determine the potential
need for clearances and what steps should be taken to provide
clearances.

Mr. Seymour advised that he is making efforts to
occupy office space in Washington, D.C. for his staff. He said
that once he is established, he will provide stenographic and
vehicle support for this case. He requested that the FBI
provide necessary support in those areas for the present time,
and he was assured that he has that support.

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On 6/9/86, SSA [] met with []
Administrative Assistant to the Independent Counsel. []
requested that an electronic sweep be conducted of office space
to be occupied by the Independent Counsel on the seventh floor of
the U. S. District Court, Third Street and John Marshall Place,
on Constitution Avenue, Washington, D.C.

[] was advised that the Independent Counsel
and his employees would require Top Secret clearances in view of
some information and documents which may be of interest to this
matter. She was further advised that contact had been made by
SSA [] with [] Department of Justice Security
Office, Main Justice, Washington, D.C. regarding clearances.

[] related that she would facilitate all clearances
with []. She also advised that background and security
investigations for Independent Counsel employees would be
conducted by [] Security Specialist, Department of
Justice, making it unnecessary for the FBI to conduct these
investigations.

[] advised SSA [] that the Office of the
Independent Counsel would pay the travel expenses and automobile
rental expenses for SAs [] [] and []

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June 10, 1986

Whitney North Seymour, Jr., Esq.
Brown & Seymour
100 Park Avenue
New York, New York 10017

OUTSIDE SOURCE

Dear Mr. Seymour:

As you requested, we have assigned Special Agents (SAs) [redacted] and [redacted] to assist you in your investigation as Independent Counsel regarding Michael K. Deaver. These Agents will report to you upon your request and will assist you for any length of time that you deem necessary.

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SAs [redacted] and [redacted] are being instructed to report directly to and only to you and to have no discussion of any aspect of this investigation with FBI or Department of Justice personnel.

On June 9, 1986, Supervisory Special Agent (SSA) [redacted] met with [redacted] of your office. [redacted] requested that an electronic sweep be conducted of your office, which is to be in space on the seventh floor of the U. S. District Court, Third Street and John Marshall Place, on Constitution Avenue, Washington, D.C. Once you have selected permanent space at that address, our Washington Field Office will conduct that sweep.

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[redacted] advised that the office of the Independent Counsel will pay the travel expenses of SAs [redacted], [redacted], [redacted], and [redacted] DE-68

During a meeting between you and SSA [redacted] on June 5, 1986, you inquired about security clearances for yourself and your staff in view of any classified information which may come to your attention during the investigation of this matter. During the preliminary investigation of this case, it was determined that there is a potential for information and documents classified Top Secret which may be of interest to your investigation. [redacted] advised that clearances for you and your staff will be facilitated

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26 JUN 19 1986

1 - Mr. Otto
1 - [redacted]

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MRP:dlt (4)dlt

MAIL ROOM ☐

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Exec AD Adm. _____
Exec AD Inv. _____
Exec AD LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. & _____
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

MAILED 4
JUN 12 1986

AUG 5 1986

Mr. Whitney North Seymour, Jr., Esq.

[redacted] Department of Justice Security Office, Main Justice, Room 6525, 10th Street and Constitution Avenue, Northwest, Washington, D.C. 20530. [redacted] also advised that background and security investigations for your employees will be conducted by [redacted] Security Specialist, Department of Justice. Therefore, it will not be necessary for the FBI to conduct these investigations.

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Please advise me if I can be of further assistance.

Sincerely,

151

John E. Otto
Executive Assistant Director
Law Enforcement Services

3/2

RECEIVED
TELETYPE UNIT

FORMS TEXT HAS 1 DOCUMENT

002

INBOX.2 (#1755)

TEXT:

VZCZOWF0012

RR HQ OM

DE WFO012 20362

ZNR WUJUU

R 19 1948Z MAY 86

FM SAC, WFO (211-7)(P)(C-7)

TO DIRECTOR, FBI (211-25)

ROUTINE

(ATTN: [REDACTED] PUBLIC CORRUPTION UNIT, WFO, CID)

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ATTN: SSA [REDACTED]

[REDACTED]

WFO to
Handle Encl
copy

BT

UNCLAS

MICHAEL W. DIAVER, FORMER DEPUTY CHIEF OF STAFF AND ASSISTANT
TO THE PRESIDENT; ETHICS IN GOVERNMENT ACT OF 1978-CONFLICT
OF INTEREST; OO:BBHQ

RE TELCALL BETWEEN SA [REDACTED] WFO AND SSA [REDACTED]

[REDACTED] OMAHA ON 5/19/86.

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FOR INFORMATION OF RECEIVING OFFICES, THE U.S. DEPART-
MENT OF JUSTICE HAS REQUESTED THE FBI CONDUCT AN INQUIRY
INTO WIDELY REPORTED ALLEGATIONS OF POSSIBLE CRIMINAL MIS-
CONDUCT BY FORMER DEPUTY CHIEF OF STAFF TO THE PRESIDENT.

MAY 22 1986

[REDACTED]

PAGE TWO DE WF 0018 U N C L A S

MICHAEL K. DEEVER.

THIS INQUIRY IS PURSUANT TO A REQUEST BY FIVE DEMOCRATIC SENATORS OF THE JUDICIARY COMMITTEE IN A LETTER TO THE ATTORNEY GENERAL DATED 4/28/86. CONTAINED WITHIN THE LETTER IS A REQUEST THAT A DETERMINATION BE MADE WHETHER OR NOT THERE IS SUFFICIENT EVIDENCE TO WARRANT THE APPOINTMENT OF AN INDEPENDENT COUNSEL TO INVESTIGATE ALLEGATIONS OF POSSIBLE VIOLATIONS OF THE USC SECTION 207 AND 208 (CONFLICT OF INTEREST), DURING DEEVER'S TENURE AT THE WHITE HOUSE AND SINCE LEAVING THE WHITE HOUSE IN MAY, 1985.

ONE OF THE ISSUES ADDRESSED BY THE SENATORS IS THAT OF DEEVER'S INVOLVEMENT WITH THE CANADIANS REGARDING ACID-RAIN. WFO HAS BEEN INTERVIEWING ALL INDIVIDUALS WITH KNOWLEDGE REGARDING THIS MATTER. ONE OF THOSE YET TO BE INTERVIEWED IS FORMER U.S. SPECIAL ENVOY ON ACID-RAIN DREW LEWIS NOW CHIEF EXECUTIVE OFFICER (CEO) WITH UNION PACIFIC, OMAHA.

FOR INFORMATION OF OMAHA, WFO SAYS [REDACTED]

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AND [REDACTED] WILL TRAVEL TO OMAHA 5/22/86 TO

PAGE THREE DE WF 0013 U M D L A S

TO INTERVIEW LEWIS REGARDING THIS MATTER. NO ASSISTANCE
OF OMAHA DIVISION IN CONNECTION WITH THESE INTERVIEWS
WILL BE NECESSARY.

SAC'S WFO AND OMAHA CONCUR WITH TRAVEL.

BT

#0013

NNNN

Memorandum



Exec AD-Adm. _____
Exec AD-Inv. _____
Exec AD-LES _____
Asst. Dir.:
Adm. Servs. _____
Crim. Inv. _____
Ident. _____
Insp. _____
Intell. _____
Lab. _____
Legal Coun. _____
Off. Cong. &
Public Affs. _____
Rec. Mgnt. _____
Tech. Servs. _____
Training _____
Telephone Rm. _____
Director's Sec'y _____

To : [Redacted]
(Attn: Special File Room)

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Date 5/16/86

From : L. A. Potts

Subject : MICHAEL K. DEEVER,
FORMER DEPUTY CHIEF OF STAFF AND
ASSISTANT TO THE PRESIDENT;
ETHICS IN GOVERNMENT ACT;
CONFLICT OF INTEREST
OO: FBIHQ

PURPOSE: To request that the attached original documents and FD-340 envelopes be filed in Special File Room file #211-25 regarding the above captioned investigation and to have the attached copies of the original FD-302s be indexed as indicated on each copy.

RECOMMENDATION: To recommend the attached original documents and FD-340 envelopes be placed in Special File Room file #211-25 and copies be indexed as indicated.

Director _____	Asst. Dir. _____	Ident. _____
Exec. AD-Adm. _____	Crim. Inv. <i>Gen</i>	Legal Coun. _____
Exec. AD-Inv. _____	Intell. _____	Off. of Cong. & Public Affs. _____
Exec. AD-LES _____	Inspection _____	Rec. Mgnt. _____
	Lab. _____	Tech. Servs. _____
		Training _____

DETAILS: On 5/14/86, the attached original FD-302s and FD-340 envelopes were provided to the FBI by Washington Field Office Agents after conducting requested interviews. Copies of original FD-302s were made and indexed. The attached documents will be utilized in the future and therefore should be placed in Bureau file #211-25 for easy retrieval.

ENCL BEHIND FILE

Enclosures (56)

Bufile #211-25

1 - Mr. Potts

1 - [Redacted]
1 - [Redacted]

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DJA:daj (4)

16 1986

FBI/DOJ

Memorandum



Exec AD Adm. _____
 Exec AD Inv. _____
 Exec AD LES _____
 Asst. Dir.: _____
 Adm. Servs. _____
 Crim. Inv. _____
 Ident. _____
 Insp. _____
 Intell. _____
 Lab. _____
 Legal Coun. _____
 Off. Cong. & _____
 Public Affs. _____
 Rec. Mgnt. _____
 Tech. Servs. _____
 Training _____
 Telephone Rm. _____
 Director's Sec'y _____

To : Mr. Monroe *[Signature]*

Date 5/5/86

From : F. I. Clarke *[Signature]*

Subject : MICHAEL K. DEEVER,
 DEPUTY CHIEF OF STAFF AND
 ASSISTANT TO THE PRESIDENT;
 ETHICS IN GOVERNMENT ACT OF 1978 (EIGA) -
 CONFLICT OF INTEREST
 OO: FBIHQ

PURPOSE: To obtain approval for maintenance of the file pertaining to captioned matter in the Special File Room of the Records Management Division (RMD).

RECOMMENDATIONS: That the file pertaining to captioned matter be maintained in the Special File Room, RMD.

[Handwritten checkmark]

Exec AD Adm. _____	Adm. Servs. _____	Legal Coun. _____
Exec AD Inv. _____	Crim. Inv. <i>[Signature]</i>	Off. of Cong. & Public Affs. _____
Exec AD LES _____	Ident. _____	Rec. Mgnt. _____
	Inspection _____	Tech. Servs. _____
	Intell. _____	Training _____

DETAILS: At the request of the Assistant Attorney General, Criminal Division, Department of Justice, an inquiry was initiated concerning allegations of violations of the Ethics in Government Act of 1978 on the part of Michael K. Deaver. This is a highly sensitive case due to the individuals involved and the nature of the allegations.

The following FBIHQ personnel should be granted access to this file:

211-25

- 1 - Mr. Monroe *[Signature]*
 (Attn:)
- 1 - Mr. Revell
- 1 - Mr. Otto
- 1 - Mr. Clarke

- 1 - Mr. Daniels
- 1 - Mr. Jamar
- 1 - Mr. Potts
- 1 - Mr.
- 1 - Mr.

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MRF:dlt (10) *[Signature]*

(CONTINUED - OVER)

[Handwritten signature]

Memorandum from F. I. Clarke to Mr. Monroe
RE: MICHAEL K. DEEVER

Oliver B. Revell - Executive Assistant Director

John E. Otto - Executive Assistant Director

Floyd I. Clarke - Assistant Director,
Criminal Investigative Division

Anthony E. Daniels - Deputy Assistant Director
Criminal Investigative Division

[REDACTED] - Chief,
White Collar Crimes Section,
Criminal Investigative Division

Larry A. Potts - Assistant Chief,
White Collar Crimes Section^{b6}
Criminal Investigative Division^{b7C}

[REDACTED] - Chief, Public Corruption Unit,
White Collar Crimes Section,
Criminal Investigative Division

[REDACTED] - Supervisory Special Agent,
Public Corruption Unit,
White Collar Crimes Section,
Criminal Investigative Division